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ABSTRACT

Relations between the public and private sectors of higher education are discussed. In the first chapter, John W. Gardner provides a historical perspective to the recent conflict in some states between public and private colleges and universities. In addition to discussing the pluralism and diversity that have characterized U.S. colleges and universities, he suggests that public-private college differences should be seen in the larger context of shared goals, interests, and values. Next, Robert H. Atwell provides a view from Washington, or the perspective of the national associations. He discusses sources of institutional funding and competition for funds and for students, and suggests that the states and communities will have a major role in keeping the dual system of higher education unified. A discussion of intersector issues is provided by Robert O. Berdahl. He reports the results of a survey of Pennsylvania, Illinois, Maryland, North Carolina, and New York. A total of 405 responses were received to questionnaires mailed to public policy liaison trustees and presidents. The survey sought information on the conditions of relations between the sectors, the issues that join and divide public and private institutions, and the policies and mechanisms that affect intersector relations at the state level. (SW)

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# AGB SPECIAL REPORT

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## *Cooperation and Conflict*

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# *Introduction*

At a recent higher education conference focusing on the need to improve American undergraduate education, one of the participants, Ernest L. Boyer, president of the Carnegie Foundation for the Advancement of Teaching, told the audience:

> I thought I'd bite my tongue and make it through the day, but I have a conviction to express. I've just returned from a thirty-day visit to another nation, a rich and rewarding trip. I can only tell you that, viewed from abroad, American higher education is an absolutely stunning and marvelous success. Since World War II we have put in place one of the most remarkable and highly envied education programs in the world. I do not in any way want to diminish the sobering remarks heard today, but I would not be fair to conscience if I did not say that something really remarkable has happened in this nation. American higher education has been an outstandingly successful enterprise. People everywhere look for ways to follow our example in building a rich, diverse system of education that seeks to achieve the essential goals of excellence and equity as well.

Our system of higher education is indeed a most remarkable and distinctive achievement of the American experience. Even the term "system" appears close to a misnomer, given the diverse range of colleges and universities that have endured over the past two centuries and more. Yet our three thousand institutions—public and private, graduate and undergraduate, residential and commuter, liberal arts and professional—do indeed form a meaningful and vibrant system.

Paradoxically, the twin features of cooperation and competition have been and continue to be pillars of strength for this dual system of public and private institutions. A voluntarily devised and administered uniform system of academic credit has permitted generations of students to move freely among institutions. Local, state, and regional consortia have been established to generate new programs, pool resources, and serve community needs. Many faculty and administrators move between public and private institutions at different stages of their careers.

Institutional differences and enlightened competition also have served to strengthen American higher education. Undergraduate colleges, universities, and public community colleges provide models of effectiveness in a variety of enterprises, from classroom teaching to excellence in scholarship and research and state extension services. Students and their families benefit from the range of choices of institutions and educational philosophies that result from competition and diversity.

The leadership of our institutions perhaps best exemplifies the interde-

pendence and complementary nature of American higher education. Presidents of public and private institutions long have recognized and championed the contributions each sector makes to the other. Boards of trustees as we know them are an American invention. Having evolved as an appropriate governance structure for colonial colleges, they have served as the model for governing both our public and private institutions—even systems of institutions—as well.

In short, presidents and trustees historically have had a special appreciation for the strengths of our dual system of public and private institutions, and they in turn have helped to educate the rest of American society to these strengths. In recent years and in some places, however, other notes and sentiments also have been expressed and heard between the public and private sectors. At times confrontation has replaced cooperation, unproductive scrimmage has replaced healthy competition, mutual disparagement has replaced mutual respect. At times public and private institutions have vied over funding formulas, territory, and students; state boards reluctantly have stepped in occasionally to resolve disputes; and the sectors have criticized each other publicly. Normally collegial relations between administrators and faculty from neighboring institutions at times have soured. Governors, editorial writers, and leaders in state legislatures and occasionally the U.S. Congress have noted and warned against the consequences of the divisive rhetoric emanating from the two sectors.

It is important to remember that these points of friction, confrontation, and bad feelings have been neither uniform nor pervasive. Indeed, significant conflicts have arisen in fewer than half the states, although more frequently within states with significant numbers of both public and private institutions. Yet such internecine conflicts surely have an impact upon the general climate—upon views, perceptions, and events—well beyond the borders of affected states and localities.

Concerned about this discord and recognizing the key leadership role trustees can and do play, the Exxon Education Foundation awarded a grant to the Association of Governing Boards of Universities and Colleges (AGB) in 1984 to begin a national examination of the problem: What have been the factors leading to conflict and away from cooperation? How have the issues and their resolutions varied within different states? What steps might be taken to improve relations at national, state, and institutional levels, and what can trustees do to be of assistance?

To assist AGB in the project, a steering committee of the heads of the presidentially based national associations was established. At the outset, this committee met and considered a range of possible directions for the future project. This report represents the completion of one of the tasks emerging from those deliberations.

With the advice of the steering committee, we invited three eminent observers of higher education to contribute to this volume. John W. Gardner, whose career has spanned philanthropy, government, and public interest advocacy, provides his unique perspective on the broader issues and values that should inform our understanding of our dual system. In his essay, Gardner reminds us of the historic development of our system and illustrates the extent of the commonalities that the public and private sectors indeed share.

Robert H. Atwell is president of the American Council on Education (ACE), the umbrella association of colleges and universities in our nation's capital,

with the unique responsibility of representing the full range of public and private institutions. Basically optimistic about the future, Atwell identifies a series of challenges that must be met effectively if harmony and mutual respect are to reign among the sectors.

Robert O. Berdahl, director of the Institute for Research in Higher and Adult Education at the University of Maryland, undertakes a series of case studies of relations between the public and private sectors in selected states. As Berdahl points out in his introduction, these studies do not offer an exhaustive survey, nor were the states he visited selected primarily for their representative character. Instead we asked him to provide snapshots of a few states whose recent intersector experiences, both positive and negative, would illuminate the issues. Based on these case studies, Berdahl includes in his report several possible directions for action in the states that could lead to more constructive relations and reduced tensions and conflict in the future.

This report concludes with some observations of our own on prospects for fully restoring the respect and interdependence that normally characterize relations between the public and private sectors. All three authors correctly point to dimensions of *structure* and *policy* to help us better understand the present context and to improve conditions in the future. Yet their essays also make clear the essential contributions individual educational leaders—trustees, presidents, scholars—have made and must continue to make if our dual system is to be maintained with its full stature, health, and public respect.

* * * * *

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**Robert H. Atwell** was appointed president of the American Council on Education (ACE) in December 1984, where he also served as vice president for six years. Previously he was president of Pitzer College in Claremont, Calif., and vice chancellor for administration at the University of Wisconsin. Atwell has written extensively on higher education finance, budgeting, and athletics, and on issues in the mental health field.

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# PART I

# *A Historical Perspective*

*by John W. Gardner*

# *A Historical Perspective*

In the light of history, our institutions of higher education have proven wonderfully vital and resilient. We have given them an extraordinary diversity of tasks and they have flourished under the burden. They do what we want them to do—and we are a people of many purposes, some of them wise, almost all of them urgent!

Bear that background in mind as we appraise the recent conflict—in some states—between public and private institutions of higher education. Our mixed system has served us well. The great majority of respected leaders in both public and private institutions are disturbed and embarrassed by the displays of antagonism. Mutually destructive rivalry is unbecoming to institutions that share high and honorable purposes. If it continues all of our colleges and universities will suffer diminished respect in the eyes of the public and of legislators. Moral credibility is everything. It has been successfully preserved by our institutions for three centuries. It must not be dissipated in our generation.

### *Pluralism and Diversity*

Our colleges and universities are indelibly marked not only by our purposes but by our views of how a society should organize to accomplish its purposes. A glance at the historical record will make the case.

The themes of pluralism and diversity have characterized our colleges and universities from the beginning. In the 18th century religious considerations dominated in the creation of most institutions of higher education, but the sectarian diversity was great. It is interesting to note, however, that as a new college set out to recruit students, sectarianism was inevitably diluted in the interest of attracting an adequate student body. Critics of the dilution said it led to the triumph of "Nothingarianism." More precisely, it was pluralism.

Diversity reflected itself in other dimensions. On April 5, 1770, the Reverend Ezra Stiles wrote in his diary:

> Yesterday by the prints I found that a college was established in New Hampshire on the Connecticut River by the name of Dartmouth College. This is Dr. Wheelock's school for Indians . . . now converted into a college by a charter from the Crown.

In 1802, West Point was founded to train officers for the army. In 1847 the Free Academy (later the College of the City of New York) was established to educate city boys and girls who could not pay for their college education. In 1855 Michigan Agricultural College was founded to educate farmers, in 1861

Vassar to educate women, in 1867 Howard University to educate Negroes. In 1862 the Morrill Act made possible the great land-grant program for colleges of agriculture and the mechanic arts. And in 1876 Johns Hopkins was founded as a university committed primarily to research and graduate education.

The tradition of diversity continued and expanded in the 20th century: small liberal arts colleges, great state universities and private universities, church-related institutions, community colleges, institutions for men only or women only, predominantly black colleges, and so on. Even within categories, institutions vary enormously in character. And each makes its distinctive contribution to the rich texture of American higher education.

Thomas Jefferson attended William and Mary. Frank Lloyd Wright was a product of the University of Wisconsin, William Faulkner of the University of Mississippi, Carl Sandburg of Lombard College (now Knox College), Willa Cather of the University of Nebraska, Lee DeForest of Yale, F. Scott Fitzgerald of Princeton and Martin Luther King, Jr., of Morehouse College. Frances Perkins, the first woman to hold a cabinet post, was an alumna of Mount Holyoke, and James D. Watson, who won the Nobel Prize for his work on the molecular structure of DNA, attended the University of Indiana.

The first man to walk on the moon, Neil Armstrong, is a graduate of Purdue. Jonas Salk of New York's City College, John Glenn of Muskingum College. Supreme Court Justice Sandra Day O'Connor of Stanford.

Some years ago I was a trustee of an organization that was doing a study of air traffic safety and I had the opportunity to visit an air traffic control center. I conversed with two or three controllers and with the man responsible for radar maintenance for the whole center. He proved to be one of those natural explainers who can talk about complex subjects in simple terms and I learned a lot about radar maintenance. No one else there was a natural explainer, so I learned very little about air safety. I asked him where he received his training, and he mentioned a good local community college. "Is that where you were prepared for your present work?" I asked.

"Well, you have to keep on learning. The technology never stands still. But my college gave me some basics and provided me with habits of being careful and precise."

And that is the main thing I carried away from the visit: the image of a technical expert of whom the community college system could be proud.

The pluralism that characterizes our higher education system is at the heart of the American tradition. And it exists ***within*** both public and private sectors. Washington's Evergreen State College (public) bears virtually no resemblance to a large state institution such as the University of Minnesota but a strong resemblance to, say, Hampshire College (private) in Massachusetts. Both are small undergraduate institutions, experimental, interdisciplinary and committed to the liberal arts. Wayne State (public) is not at all like Evergreen (public) but much like Pace University (private). Both are large urban universities with a special commitment to serve not only young people but adult learners.

How ridiculous to sort such diversity into two categories and then to be guided by a zero-sum principle asserting that what benefits one must necessarily be at the expense of the other!

## *Public and Private*

Private colleges and universities are not common throughout the world, but they are deeply rooted in the American mode of social organization. In our society, private effort in behalf of public purpose is an honored tradition.

It is not, however, as simple a tradition as some now believe it to be. Speaking of our early institutions of higher education, Daniel Boorstin once wrote:

> The distinctively American college was neither public nor private, but a community institution. In America it was of a piece with the community emphasis which already distinguished our civilization . . . The supposed chastity of "private" institutions, and their supposed immunity from government support, which would arouse passion from time to time in the 20th century, was not founded in the tradition or history of American institutions.*

Harvard College was brought into being by an act of the General Court of Massachusetts Bay Colony *and* a suitable appropriation of public funds. Yale was created by the legislature of Connecticut and received public funds repeatedly. In the early 19th century the state of New York distributed public funds to such private institutions as Columbia, Hamilton, Hobart, and Union.

In the famous Dartmouth case, the Supreme Court in a 5-1 decision under Chief Justice John Marshall ruled that Dartmouth was a private eleemosynary institution and that the New Hampshire legislature had been wrong in assuming that it could remove trustees and appoint new ones at will. But Dartmouth had no thought of withdrawing itself from further contact with government; it promptly returned to the New Hampshire legislature with a request for additional public funding.

Today the distinction between public and private institutions is considerably sharper than it was in the beginning, but it is still blurred at many significant points.

Under our system of lay governance, even our public colleges and universities are more "private" than similar institutions in most parts of the world. And most of them receive, in one way or another, some help from private gifts. The University of California's yearly receipts from private gifts are such as to stir envy in the hearts of non-tax-supported institutions. As for private colleges and universities, they perform immensely important public services. And most of them receive substantial public funds, for everything from student aid to basic research. In 1982-83, 40 percent of MIT's funds were from federal sources.

It would be wrong to suggest that the boundary between public and private institutions is so blurred that they are indistinguishable. But, both historically and today, the American people have not worried much about the distinction.

## *A Land of Colleges*

If there is any overriding truth we have discovered about the resolution of conflict it is that both (or all) parties to a dispute are more likely to find a *modus vivendi* if they share goals and values that lift them above their adversarial positions. In the case of our colleges and universities, all do have a com-

*Daniel Boorstin, *The Americans* (New York: Random House, 1965), p. 160.

mitment to larger goals. In order to illuminate those goals let us look again at our early days.

Lawrence Cremin, in his great work, *American Education: The Colonial Experience*, wrote:

> North America was colonized during the first phase of Europe's age of print, the initial two hundred years period after Gutenberg when a reading public gradually came into being that for the first time was not confined to the clerisy or the aristocracy . . .
>
> As a result, those who settled in North America were much less dependent on an oral tradition for the transmission of culture than they might have been a hundred years earlier . . . The higher learning had been a salient feature of the Puritan experience in England, and it remained so in New England.

Harvard College was founded ("to advance learning and to perpetuate it to posterity") no more than 16 years after the landing at Plymouth. The legislature body that brought it into being (the General Court of Massachusetts Bay Colony) was itself only eight years old.

Piety was, of course, the great moving force in early colonial education. The primary purpose was to train ministers, and the Bible was the chief source. But secular subjects also were taught, and only about half the graduates entered the ministry, the others moving into the professions, commerce, and the public service. John Adams, attending Harvard in the early 1750s, studied science ("natural philosophy") under John Winthrop, known for his work on the transit of Venus, and read Newton and Copernicus, Tycho Brahe and Leibnitz.

As early as the mid-18th century, well before they declared their political independence, the colonists were separating themselves from deeply held traditional views and moving into the world of the Enlightenment. Locke, Descartes, Erasmus, and More were read and discussed in Boston, New York, Philadelphia, and Williamsburg. Ideas mattered. As the winds of independence stirred and gained force, philosophical discussion grew more intense. A new nation was coming to birth. It must be informed, shaped, illumined by the most seminal ideas that humankind had produced. It was in the spirit of the day to seek knowledge.

The proliferation of institutions of higher education was astonishing. The Reverend Absalom Peters of the American Home Missionary Society spoke of the nation as "a land of colleges." By 1800 the United States had 22 degree-granting colleges—more than France and England put together. As institutions of learning they might not approach their European counterparts, but the enthusiasm was astonishing. It did not reflect an unalloyed intellectual spirit; sectarian zeal and home town enthusiasm played significant roles. With respect to the latter, it is important to recognize that the local college was a mark of status, a sign of civilization, a badge of cityhood. (To the astonishment of European visitors, a settlement that they would have described as a hamlet or village often called itself a city.) Since the outlying territories had the most to prove with respect to their level of civilization, it was often precisely there that the new colleges were created.

### *The Servant of Our Purposes*

With each succeeding generation it became more apparent that higher education served purposes dear to the hearts of the American people.

One such purpose—the release of human potential—emerged fairly early. It was a deeply moving experience for early 19th century Americans to hear the story of how Dr. Samuel Gridley Howe had, beginning in 1837, undertaken the successful tutelage of Laura Bridgman who had been blind, deaf, and dumb from the age of two. Howe proved for the first time that the deaf-blind were not necessarily mentally retarded. He later headed the Perkins School for the Blind, where young Annie Sullivan learned the manual alphabet in order to talk with Laura Bridgman. Sullivan went on to win immortality as the teacher of Helen Keller.

The story of Laura Bridgman spoke to something deep in the American mind and spirit. Emerson said that improvement was the law of Nature. In each person was a divine spark, the spirit waiting to be awakened. Impediments to self-improvement were to be removed, and all must help.

Higher education, of course, was but one of the many modes of liberation. Henry Barnard and Horace Mann began their great work with the schools in the 1830s. The historic efforts of Dorothea Dix on behalf of the insane began in 1841. All impediments—poverty, ignorance, mental and physical illness, whatever—were to be removed so that each person might grow to full stature, so that each might realize the full possibilities of human development.

Another purpose served by higher education was the search for knowledge. In Europe the conviction had grown that great new intellectual discoveries lay ahead. Scientists such as Copernicus and Vesalius had proven the ancients fallible. A new world of knowledge beckoned. It was in this climate that Francis Bacon wrote his great essays, and as Lawrence Cremin put it, in America "Bacon was virtually canonized during the 18th century."

By 1909, the university was firmly established as the seat of science in this country. And the patterns set in place by Vannevar Bush, James B. Conant, and others following World War II set the stage for the golden age of university science that we all have witnessed.

Closely linked to the search for knowledge was the need for highly educated men and women to serve the needs of a dauntingly complex world. Alfred North Whitehead said, "In the conditions of modern life, the rule is absolute, the race that does not value trained intelligence is doomed."

The colleges and universities became, preeminently, the producers of that trained intelligence. Through them we have sought to hone the minds of our ablest young people, to acquaint them with their own past and the values that shaped their society, to familiarize them with the intricacies of the contemporary world, and to produce, from among them, skilled professionals, statesmen, scientists, technologists, business leaders, artists, writers, religious leaders to enrich our civilization—and in a more earthy spirit—to make our society work.

Finally, the colleges and universities have reflected, served, and enriched the pluralism and diversity we prize so highly. Taken collectively they have been hospitable to many kinds of students with many disparate purposes. Thomas Jefferson wanted to create an education "adapted to the genius of the American people." Our institutions, faithfully serving pluralism and diversity as they do, meet his prescription.

There is no reason why the diverse American institutions of higher education shouldn't engage in healthy competition among themselves. There is every reason why we should not single out one dimension of that diversity, the public-private dimension, and make it the basis for doctrinal warfare.

The public-private differences and most of the other differences that characterize American higher education should be seen in the larger context of shared goals, interests, and values. There is so much to be accomplished by all working together—to maintain a climate in which higher education can flourish, to advance the purposes that bind all of us, to guard standards, to ensure the continuous evolution of our institutions, to serve and illuminate our civilization.

# PART II

# *A View From Washington*

*by Robert H. Atwell*

# *A View From Washington*

I sometimes think that the discussions of relations between the public and private sectors of higher education become self-fulfilling prophecies. Indeed, the sheer quantity of solutions and discussion probably exceed the problem. My task is to discuss the questions from the perspective of the national associations, and that touches much more on federal policy than on state policy. Robert Berdahl's very informative paper covers the state picture quite thoroughly, so I will confine most of my comments to the national and institutional perspectives.

### *Olive Branches*

My basic conclusion is that relations between the public and private sectors of higher education are not nearly so contentious as the more celebrated conflicts would lead us to believe. Higher education has become a more competitive industry as the traditional student age population declines and the efforts to attract nontraditional students consequently intensify. That competition often is intense within the much larger public sector—say between two-year and four-year institutions and between "flagship" public institutions and regional state institutions—than between public and private institutions. And there is an ever more intense competition among private institutions.

I reach that somewhat sanguine conclusion as a result of several facts. First, public and private institutions are becoming more similar in that both rely on public and private funds, albeit in very different proportions. It used to be believed that public institutions were subsidized by public funds and private institutions were subsidized by student fees, gifts, and endowment income. Now, both kinds of institution rely on student fees, with fee increases in the public sector often rising at rates in excess of those in the private sector. Moreover, about one-third of the gifts going to colleges and universities go to public institutions, and the rate of increase in private giving in the public sector exceeds that in the private sector.

Most important, however, private institutions have become heavily dependent on public funding, both federal and state, for their financial well-being. Most of the state funding of private higher education, and virtually all of the federal funding—except for the developing institution programs and several smaller programs—takes the form of student aid. It can be argued that the existence of massive federal student aid has made it more feasible for public institutions to increase their fees: Needy students can get aid to offset the higher prices. Interestingly, the private institutions are proportionately more dependent on federal funds than are the public institutions. Enrollment in the

private sector accounts for only about one-fifth of the total enrollment in higher education, but students in private institutions receive nearly one-fourth of the Pell grant funds and about two-fifths of the campus-based funds. There are many private institutions where one-half or more of the fee income of the institution (and fees amount to about two-thirds of all income in the private sector) is paid from federal or federally guaranteed funds. Some have even suggested that the federal government has, in financial terms, become to the private institutions what the states have been to the public institutions. To be sure, there are important differences: The state aid supports the institution as such and the federal aid is for the student; thus there is far less regulation of institutions stemming from federal funds than there is from state funds for public institutions. More fundamentally, the states support public institutions on the theory that the benefits of public institutions go far beyond those who attend the institution.

The major point is that both sectors now rely on all three major sources of institutional funding: fees, gifts and endowments, and federal and state funding. (Some community colleges also rely on local funding.) At its best this means that both sectors have similar interests in preserving the features of the tax codes, such as charitable deductions, that benefit higher education. It also means that both sectors support each other in seeking federal student aid and, to a somewhat lesser degree, in seeking state appropriations for the public institutions and student aid that goes to students in both sectors.

There is, of course, a downside to the fact that both sectors rely in varying degrees on the same sources of support. For example, there is a coalition of institutional interests devoted to preserving tax advantages for higher education, and there is the danger it will divide because the deductibility of state and local taxes is more important to public institutions, whereas the deductibility of gifts of appreciated property clearly is the highest priority for many private institutions. No division has yet occurred, but the danger exists. There also is the danger that public institutions will see ever larger state student aid programs as harmful to state appropriations for the public institutions. However, with notable exceptions, leaders in both sectors in most states have seemed to accept the proposition that a rising tide floats all boats. The danger with student fees, the third source of support, is that the private institutions will push for higher fees in the public institutions in order to narrow the ever-widening tuition gap between public and private prices. This could, of course, be self-defeating because it would place more demand on limited student aid funds, thereby leaving students in both sectors with larger unmet need, an outcome likely to be more damaging to the higher-priced private institutions.

The research universities are a special case when looking at public and private sources of funds. One of the reasons there is so little tension between major public and private research universities is that not only do they rely on the same sources of funds, but they do so in far more similar proportion than is the case with other public and private institutions. Federal funds typically account for about one-third of the current fund income of both public and private research universities, and a very large portion of these funds is federal research grants and contracts. Both kinds of institution compete successfully for these funds largely through national peer review processes—and both are equally guilty at the moment of end-running that process through appropriations earmarked for facilities. Both have an equal interest in resisting inappropriate federal regulation and have identical interests in persuading the

federal government to support the research infrastructure through the overly complicated system of federal indirect cost reimbursements. For the most part, this harmony of interest in federal research funding and comparable interests in the tax field causes chief executive officers of the major research universities to stay outside the occasional fratricide between public and private institutions in the student aid field.

The second fact that leads me to be sanguine about public/private relations stems from the first. If the source of funds no longer distinguishes public and private institutions—different proportions but similar sources—then the real remaining difference is governance, and here the private sector standard is a yardstick for the public sector. By this I mean that the term "independent" as applied to private institutions still has an essential meaning, namely independence from political control or public bureaucratic regulations—save, of course, for that which accompanies the receipt of federal funds. In their efforts to gain a measure of autonomy, public institutions often are able to point to the example of the flexibility and the ability of private institutions to respond quickly to new opportunities and changed circumstances. There is throughout academe a deep-rooted resistance to management and all forms of external regulation; most of us believe that the great colleges and universities have been those that were the least managed and those that afforded the faculty the greatest degree of control over the academic enterprise. It is in this sense that private institutions have always set an example for the public institutions and will continue to do so.

A third basis of optimism is that Congress has settled the "burr in the saddle" known as the "half-cost" issue after 12 long years. Oversimplified, the half-cost concept posits that a student should not receive a Pell grant that exceeds one-half the cost of attendance. When the Pell grant program was enacted in 1972, the private sector insisted on the half-cost provision because it was believed that if students attending public institutions had all of their costs met from a Pell grant, there would be insufficient incentive for them to attend higher priced private institutions. Moreover, it was argued there also would be little incentive for the public sector associations to support the campus-based student aid programs that are vital to students in the private sector. A resolution to the issue, enacted in the Education Amendments of 1980, was not reflected in appropriations until Congress broke the half-cost barrier with a 60% and $2,100 maximum award for the 1985–86 academic year. Since half-cost had become virtually a theological tenet of faith with many in the private sector, the additional 10% finally convinced many that there was no longer any point in holding the Alamo.

The basic fact is that the half-cost limit worked the greatest hardship on the neediest students in the lowest-priced public institutions—mostly community college students and commuting students in four-year public institutions. The awards to the neediest students in moderately priced public institutions and virtually all private institutions were affected by the maximum award long before the half-cost limit came into play. The private sector's response often has been to point out that many students in low-priced public institutions still can get "positive cashflow" from a Pell grant, meaning that such a grant can pay all of the relatively low tuition and fees and modest living expenses for commuting students while students in private institutions have had a diminishing proportion of their "hard" education expense (that is, tuition and fees) met by Pell grants.

The different perspectives on the Pell grant program continue in 1985 as we approach reauthorization of the Higher Education Act, but without nearly as much stridency as in the past. Perhaps it is the fact that Congress broke the theological barrier and perhaps it is because after 12 years most people are tired of the issue. More fundamentally, I like to believe that both sectors have come, grudgingly perhaps, to accept the mutual veto theory. Neither side can have the mix of student aid programs it wants because each has enough political clout to veto the other. Compromise generally comes in American politics only after one concludes that one cannot get what one wants over the opposition of others. Then and only then is it time for compromise, and I think there is considerable evidence that all parties believe that accommodation and unity are essential in federal student aid policy. We all have been helped to reach that conclusion by the vigorous leadership of such congressional supporters as William Ford, Paul Simon, Claiborne Pell, and Robert Stafford.

It also should be noted that those private institutions with the most political clout, the Ivy League institutions and the 30 or so affluent and selective private colleges, generally have stayed out of the half-cost battle, certainly out of its more theological manifestations. These institutions have very large applicant pools and do not look to federal student aid to sustain desired enrollment levels. Federal student aid is important to them, but largely in terms of achieving the diversity they want in the student body and not in quantitative terms. Throughout the half-cost struggle, these institutions consistently have been a moderating and compromising force, and their influence in the policy-making arena usually exceeds their numbers.

### *Some Cautions: Rattling Sabers*

Having thus far presented a somewhat optimistic perspective, I turn now to some cautions in the form of factors that might lead to a markedly different picture from the one I have tried to paint. First and most obviously, there is a residue of ill will concerning the Pell grant program and the old half-cost issue. One side or the other might see the opportunity for a preemptive strike. In the case of the public sector this might take the form of large increases in the commuter allowances, which would disproportionately benefit students in public institutions, unaccompanied by increases in the maximum award or increases in campus-based programs. Alternatively, the private sector might believe that it could obtain legislation that would provide relatively more tuition sensitivity in the Pell grant program and no increase in commuter allowances or the percentage of cost that could be met by the Pell grant awards. The rhetorical excess that could accompany such preemptive strikes could be divisive and confusing. I see little evidence that this will happen, and I am keenly aware of the good-faith efforts on all sides to see that it does not.

Second, inevitably there will be further efforts on the part of the Reagan Administration to divide the higher education community through budget cutting proposals, which would be much more devastating to the private sector and could put increasing strain on the fragile coalition. Thus far, the effect of the Reagan efforts has been to unify rather than to divide. The way the public sector stood solidly and successfully in support of the private sector in the face of the 1986 Reagan budget proposals has to be one of the finest chapters in the long history of public and private cooperation.

A third and comparable danger exists in the field of tax policy. As argued previously, both sectors have a vital stake in tax policy, but the priorities would be different, with the public sector placing a higher value on preserving state and local tax deductions and the private sector holding fast to the charitable deduction. The likelihood of an open split resulting from these differing priorities probably is minimized by the fact that higher education is only one player in both of these arenas, particularly in the case of state and local tax deductions, so that higher education presumably will not be asked to choose.

A fourth danger is that there will be open warfare in the competition for private gifts. We have long passed the point where there is a tacit understanding that the public institutions would keep their hands out of the pockets of the wealthy and the privates would stay away from the state legislature. Nonetheless, the increasingly aggressive fund-raising efforts in the public sector have so incensed some private sector presidents as to threaten open warfare.

Fifth, many public sector presidents have argued that if private institutions are to receive state funds, they should be more accountable for the use of those funds than now is generally the case. The public sector's advocating state regulation of the private sector would be at least as divisive as the private sector's advocating higher student fees in the public sector.

The competition for students is another point of danger. In the past, private sector leaders often have argued that modest support of private higher education is a bargain for the taxpayer because it avoids the necessity of expanding the public sector. That argument wears a little thin when the physical and academic resources of public institutions are being used at less than their capacity, as is the case in many states today. That situation tempts many public sector leaders to argue against state appropriations for student aid to students attending private institutions. Should private institutions be forced to close their doors by reason of large cuts in federal or state student aid, the impact on state budgets would, of course, be considerable, so the argument should not be pushed too far in either direction. Private institutions are a bargain for the state, and the implication that public institutions are higher cost than private (or the reverse) is a misleading confusion of price and cost.

The competition for students is so fierce that less selective public and private institutions have felt driven to buy student financial aid enticements. The financial aid system is largely need-based, but exceptions always have been made for athletes and other kinds of students of interest to particular institutions and donors. This "discounting" practice in recent years has become more widespread, particularly as the less selective institutions have bid for a share of the better students who always are attracted by the big name institutions. The more selective institutions have been somewhat benighted in their opposition to "buying students," knowing that in an undiscounted market they will always prevail in terms of attracting the conventionally more qualified students. The conflict arises when the more selective institutions attack the recruiting practices of those institutions pushing merit-based or nonneed student aid. The former say that nonneed aid offers do not entice students who otherwise would enroll in your institution and, meanwhile, come at the expense of needy students. The nonselective institutions understandably respond by arguing that they must offer inducements to compete with the "name" institutions. In most respects, this is a battle within the private sector, but there is spillover into the public sector, which also is always competing for the best students but which is generally not in a position to "buy students."

The argument often breaks out in the open when public sector people argue that private institutions indirectly are using federal and state aid funds to replace institutional resources that now can be devoted to buying good but not necessarily needy students when otherwise those resources would have to be used for needy students.

The reality is that most institutions find it difficult to enroll as many good students as they would like and, except for the sunbelt, most do not have as many students as they would like. Both sectors are living on enrollment-driven budgets, meaning student fees in the case of the private sector and state appropriations on the basis of enrollment in the case of the public sector. With an excess of resource supply and a paucity of demand, the temptation to cry "foul" in reaction to the competition's recruiting practices is very high.

Nowhere is this competition for the student more acute than in the case of the nontraditional student. Enrollments have been retained in the face of the decline in the traditional-age population and stabilization of participation rates by ever more agressive efforts to serve the adult student. By and large, the private sector has been quicker and more aggressive to get into this market, but the prices charged have had to be higher than in the public sector. As the public sector begins to serve this market at lower prices and equal convenience, we can anticipate marketing wars and rhetorical excesses.

### *Hope from the Field*

In conclusion, I would argue that our greatest hope for continued respect for the mutually reinforcing quality of our dual system of higher education lies within states and communities. At the level of the national associations, there is a genuine respect for that proposition and a very serious commitment to unity. But increasingly the messages must come from and the action must shift to states and localities. It is no accident that there is peace in Pennsylvania; it is because the public and private leadership of the Pennsylvania Association of Colleges and Universities has worked hard to build a mutually reinforcing coalition. In California, the cooperative relationship of Berkeley and Stanford has been an example to the rest of the state. I have seen midwestern metropolitan areas where public and private presidents simply made it their business to talk openly and often and committed themselves to cooperation. It is possible to cooperate and compete; it just takes some mutual respect and appreciation and some rules of the game. The rules of the game are being set daily at the grass roots level, and this is most certainly an area in which Washington will take its signals from "the field." At the moment, the signals I hear are more from the gently swaying olive branches than from the rattling sabers.

# PART III

# *Examining Intersector Issues*

*by Robert O. Berdahl*

# *Introduction to the Studies*

In most states relations between public and independent higher educators are still relatively cordial, but there are enough warning signals on the horizon that intelligent leaders in higher education will take note of them. In fact, such eloquent spokesmen as Timothy Healy, Frank Rhodes, and John Gardner have already called on American universities and colleges to take the high road in their dealings with each other across the public/private sector lines.*

There are strong forces at work that could lead to much sharpened competition between the sectors. For example, David Breneman's *The Coming Enrollment Crisis* (AGB, 1982) reported a projected 25 percent drop in high school graduates between 1979 and 1994, on the basis of which was predicted a 15 percent average drop in college enrollment. Breneman pointed out that the decline would vary enormously both by region and by institution, with the Northeast and Northcentral regions and the public state colleges and private nonselective colleges most vulnerable. Clearly competition for students is becoming sharper, and the temptation to escalate recruiting tactics will be great.

Similarly, it is generally assumed that the horrendous federal budget deficit will cause more activities to shift to the state level where higher education budgets are notoriously vulnerable to competitive pressures. Although, like enrollment decline, this phenomenon will vary from state to state, it seems safe to anticipate that interinstitutional and intersector competition for the state dollar also will sharpen. More than 40 states now offer direct or indirect aid to their independent institutions, and the determination of these funds as against appropriations to the public sector will continue in most states to generate intersector rivalry.

Finally, in addition to competing for students and tax dollars, both sectors agressively will seek private philanthropic funds as well. This could become even sharper if proposed federal tax reforms result in reduced private giving.

Thus, AGB had grounds for examining intersector issues at the state level. A questionnaire was developed and mailed to AGB "public policy liaison trustees" and the presidents of their institutions. Liaison trustees are appointed by their boards to provide information on public policy issues likely to affect higher education institutions and, along with presidents, are generally well informed about intersector relations in their states.

*Leaders in the *independent sector* generally prefer that term to *private sector*, but I have used both interchangeably.



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The questionnaire sought information on the condition of relations between the sectors, the issues that join and divide public and private institutions, and the policies and mechanisms that affect intersector relations at the state level. The survey garnered 405 responses.

The national tally, which, it should be remembered, does not reflect important interstate variations, revealed that 108 respondents judged public/independent relations in their state to be "very cooperative," 230 checked "sometimes cooperative/sometimes strained" and only 11 chose "openly hostile." Nineteen indicated there were "no relationships," 13 said they "didn't know," 22 wrote in variations of the above categories, and 2 made no response.

The issues judged to cause most intersector problems (among those given) were competition for students (280), allocations of state funds (225), and establishing academic programs (172).

Sharpened competition is not a bad thing in and of itself. American institutions in general and universities and colleges in particular for the most part have thrived on the need to stay dynamic in the face of competition. But there is healthy competition and there is unhealthy competition, the latter occurring when attacks on "the other side" loom as large as justifying one's own cause.

This study, with limited time and budget, had to make some basic choices. With the help of an advisory committee drawn from the heads of national higher education associations in Washington, D.C., it was decided to focus on problems between public and independent universities and colleges in a few selected states where salient issues or relationships existed.

Each of these choices required giving up something potentially interesting. For example, to focus on conflict does injustice to the considerable cooperation occurring among institutions at the same time. To examine intersector conflict between public and independent institutions overlooks the vast amount of competition taking place between the haves and have-nots *within* each sector. And finally, to confine the analysis to actions and policies at the state level excludes the ample competition between the two sectors at the federal level, especially concerning the provisions of federal student-aid programs.

The states chosen for study were Pennsylvania, Illinois, Maryland, North Carolina, and New York, listed in order from what appeared to me to be the most cordial to least cordial public/independent sector relations. Each state presented some interesting issues relating to policies or structures or both and was visited from two to four days, with off-the-record interviews held with key personalities. Then drafts were sent to representatives in both sectors, who appraised their accuracy.

It is important to note the limitations of such a snapshot approach by someone from out of state (except in my home state of Maryland). The historical configuration of institutions, the particular pattern of politics, and the unique set of personalities in a given state at a given time are probably the dominant variables in determining how certain relationships function. Given these variables it is possible to study and comment on state structures and policies and try to make perceptive observations, but more difficult to penetrate to the very root causes in such brief visits.

Furthermore, the "snapshot," however accurate, registers the relations only at a given time (in this case, late 1984). Readers should be aware that subsequent developments might bring about important changes to the relationships studied.



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# *Pennsylvania*

***Overview***

Relations between public and independent institutions in Pennsylvania are excellent. The Pennsylvania Association of Colleges and Universities (PACU) is reputed to be very effective, and the interviews bore out this reputation. The confidential interviews with both academic and political leaders revealed nothing more than passing comments on relatively minor problems in intersector relations or on PACU's ability to deal with them.

It was not always this way. In 1970-71 Eric Walker, president of The Pennsylvania State University (PSU), was very close to taking his large multicampus system out of PACU, presumably because that organization was asking for more public/private compromises than Walker felt was good for PSU. But Walker resigned and his replacement, John Oswald, took a much less hard-line position defining and defending PSU's interests. According to associates who worked with him, Oswald believed PSU's self-interest included getting along with the other universities and colleges in the state, both public and independent. By happy coincidence, James Ream became head of PACU about this time and was able to exploit the more positive atmosphere to continue building the organization into the impressive operation it is today.

PACU originated in 1896 when the presidents of ten private liberal arts colleges met in Harrisburg and decided to form a permanent organization. By the time the formal charter was prepared a month later there were 18 charter members, who are still members today.

PACU now has 117 members, divided into four commissions: independent colleges, community colleges, commonwealth universities, and the state university system. Three of these commissions are staffed full time and the other is staffed with two co-executive secretaries. In addition to a vice president, information specialist, and other office staff, there is a full-time legislative associate who lobbies on behalf of all PACU members.

PACU publishes several periodic bulletins (one monthly for PACU members and another monthly for the 253 members of the General Assembly) and sends out special mailings from time to time. In addition, over the past ten years PACU has undertaken a variety of impressive studies. In 1974 it published *A Comprehensive Proposal for Financing Higher Education in Pennsylvania*, which had both sectors agreeing that (1) priority should go to financing public higher education, but (2) it was also in the state interest to establish "Institutional Assistance Grants" to independent institutions. The state followed the proposal.

Later studies were listed in the PACU Statement to the Governor's Com-

mission on the Financing of Higher Education, February 23, 1984. They include:

- A 1977 survey of academic programs in all public and independent institutions, which "did much to dispel public stereotypes of so-called 'duplication.'"
- A 1981 cooperative project with the Pennsylvania Economy League on the impact of higher education on the Pennsylvania economy.
- A 1982 survey of academic and commercial research facilities in the state.
- A 1984 study of the factors influencing high school graduates' decisions to attend, or not to attend, institutions of postsecondary education.

The last-named study of factors affecting college attendance rates is exactly the kind of issue that can bring the sectors together. Pennsylvania's rate is lower than average: 48 percent of 1981 high school graduates attended a postsecondary institution full-time in 1981, compared with the national average of 55 percent. Increasing this percentage could ease the zero-sum game atmosphere surrounding college admissions.

Similarly, PACU found common ground among institutions from both sectors when it set up a 1984 task force on "Accreditation: Rights and Responsibilities" to reflect the growing concerns about possible abuses of the accreditation process.

PACU also cooperated with Governor Thornburgh and high technology industry in the state when the Ben Franklin Partnership was launched in 1982. Under these arrangements public and private institutions work together in four regional centers for research, with additional state funds appropriated for this purpose.

With such an array of PACU activities and services it was no surprise that the 48 replies to the AGB questionnaire (35 independent, 12 public, 1 no answer) came back with 28 marking public/independent relations as "very cooperative," 17 "sometimes cooperative/sometimes strained," none for "openly hostile," and three "no response."

### *Facts*

In contrast to most other states, Pennsylvania has a differentiated spectrum rather than a simple public/private set of institutional categories. At one pole are the 14 so-called state-owned state institutions that are no longer governed by the State Board of Education. They are now called universities and have their own "State System of Higher Education" (SSHE) governing structure. Also clearly in the traditional public sector are the 14 community colleges.

Some ambiguity attaches to the three so-called "state-related" Commonwealth Universities: Pennsylvania State, Pittsburgh, and Temple. These institutions were not established by state initiative but have become state-funded to a substantial extent in exchange for lowering tuition to state residents, accepting state-appointed members for one-third of their governing boards, and agreeing to general cooperation with State Board of Education planning for higher education. In addition, Lincoln University is state-related but not a Commonwealth University. In 1983 direct appropriations to this group totaled $327 million, quite apart from other state funds coming indirectly via student grants and other sources.

An even more ambiguous category is that of the 12 "state-aided" institutions. Historically an odd assortment of independent institutions has evolved. These have received direct appropriations from the state for "special and professional programs of benefit to the state" (*Higher Education in the States*, Education Commission of the States, Vol. 8, no. 4, 1982, p. 238). The total appropriated to this category in 1983 was just over $47 million, half of which went to the University of Pennsylvania. Several other independent institutions would like to join this "club," but the state's 1978 master plan (currently being redone) found this category rather puzzling and urged a freeze on new entries until the state could consider an alternative mode of state aid through use of contracts. The legislature, however, has not moved on the contract mechanism, and the state-related category continues.

Finally, there are some 74 remaining independent institutions that do not receive "state-aided" grants but do qualify for "Institutional Assistance Grants" (IAGs) of up to $566 (in 1984-85) per enrolled state resident receiving state higher education grants. These IAGs are restricted to private institutions not on the state-aided list. In 1984-85 the state appropriated over $17 million for this purpose.

Other state programs allot public funds to independent institutions. The State Higher Education Grant Program administered by the Pennsylvania Higher Education Assistance Agency (PHEEA) is the largest of these, allocating about $80 million in 1983, about half of which was used at independent institutions. There were also student-aid programs for disadvantaged students and some in medical programs, and state bonding/leasing assistance for nonreligious facilities in private institutions.

Putting the state-related Commonwealth Universities in the public category and the 12 state-aided institutions in the independent category, one comes up with a public/private enrollment split of approximately 60%/40%—but clearly that figure is more subject to qualification in Pennsylvania than it might be in other states.

Another factor that distinguishes the public/independent sector relationships in Pennsylvania has been the relatively high tuition charges in the public sector (including the state-related universities). The public/private tuition ratio in Pennsylvania is about 2.5 to 1, whereas it is about 4 to 1 nationally. This can have both positive and negative consequences: On the positive side it has eased tensions across the sectors as they compete for students; on the negative side it probably has contributed to the lower than average percentage of high school seniors going to college.

### *Issues*

Some minor problems currently exist between the sectors in Pennsylvania, but these do not threaten their basically cooperative relationships.

The newly self-governing state universities, for example, seek state funds for merit scholarships to be used only at their institutions, a move some in the independent sector do not welcome. According to critics, state funds are required most urgently for need-based awards.

In a variation on this issue, Carnegie-Mellon wants to increase the maximum student grant and the income eligibility limits, and has pushed aggressively to achieve these ends. While these goals are widely supported,

most other independent institutions have agreed to pursue them less vigorously in the interests of a balanced position on student assistance, which would be more acceptable to public sector institutions.

### *The Future*

Reaching beyond the present, it is possible to anticipate several possible developments that could emerge to upset the present harmonious relationships between the sectors.

Two of them relate to the changed status of the former state colleges. A fourteen-college system, long under heavy state controls and very politicized, could conceivably use its new status as a self-governing university system to press agressively for the better things that presumably go with university status. It remains to be seen if the SSHE leadership, individually or collectively, will find the cooperative compromise style of PACU compatible with their ambitions. PACU, with the full agreement of its independent members, supported the transition of the state college system to its present status. Thus, there might be sufficient loyalty to PACU and to intersector cooperation to encourage SSHE to remain a team player in spite of its ambitions. But it is only realistic to anticipate that the "new kid on the block" might want to test the limits of his strength.

The other potential problem concerns SSHE's relations with the state offices, which have become accustomed to playing politics with the state college system and accepting the compromises PACU has negotiated for the broader postsecondary scene. Now that the SSHE has been at least partially removed from their agenda, the state offices might find more time and temptation to intervene in intersector issues.

The state agency immediately concerned is the State Board of Education, which, through its Council on Higher Education, acts as the coordinating board for all postsecondary education in the state. While this board retains its powers to approve SSHE institutions' programs, it has no such powers over other institutions, public or independent. As each sector establishes new programs in efforts to survive in a competitive market, the State Board of Education's varying powers when it attempts to monitor program duplication could become a political issue.

The State Board, with a relatively new Commissioner for Higher Education, currently is revising the state master plan, earlier versions of which appeared in 1971 and 1978. Again, it remains to be seen whether the future State Board role will be as deferential to the nonSSHE institutions as it has been in the past. Stronger state intervention either could drive all institutions closer together under PACU's wing, or conceivably could encourage certain kinds of institutions to skirt the cooperative channels in hopes of gaining more by playing a direct political game. Some sources say that when turnover of presidents is high, some new presidents might not always perceive the historical value of cooperation in Pennsylvania higher education.

Another relevant variable is the extent to which the next edition of the Master Plan will back the concept of regionalization. The Pennsylvania State Board pushed this process hard during the 1970s, but when federal funds for state planning declined and state financial aid to regional structures was withdrawn most became relatively inactive. In theory the regional councils

would be obvious ways to seek intersector and interinstitutional cooperation, but it is safe to say that the practice has not caught on in New York or Pennsylvania. One 1985 Master Plan Task Force was considering regionalization and, after polling a wide variety of persons with experience in earlier aspects of that process, it was drawing negative conclusions about any serious future role for regionalization beyond helpful information exchange. The Task Force Report might be disregarded in the final plan, but regionalization probably will not provide major help in achieving intersector cooperation.

The Secretary of Education is a cabinet officer appointed by the governor, who also appoints 17 of the 21 members of the state board. (The majority and minority chairpersons of the House and Senate Education Committees are *ex officio* members.) Pennsylvania is one of only four states to employ such an office. Thus far, with the significant exception of the state college system, the office has not intruded too deeply in details of higher education. The governor's role, too, has been fairly modest beyond the usual budgetary considerations. A Governor's Commission on the Financing of Higher Education soon will make its report. PACU offered testimony to this commission and urged the state to improve its low performance ratings relative to other states—various measurement scales consistently put Pennsylvania in the bottom five states in such categories as appropriations per capita in higher education. But the commission's report primarily will concern how to be more effective at existing levels of support.

It is possible that a large independent sector in a state acts to lower somewhat the state appropriations for higher education. The very low Pennsylvania ratings, however, point to both higher tuition charges in the public sector and apparently chronic state underfunding as more basic causes.

This last point leads to the last big issue. The New York case study shows it is at least possible that higher education in Pennsylvania might have gained more state dollars if the different institutions and sectors had battled each other more aggressively and lobbied the state officials separately. To be sure, the larger state institutions do maintain their own Harrisburg liaison representatives, but the general tone is upbeat, and there seems to be an absence of some of the put-downs of the "other side." In particular, some persons in the Commission of Independent Colleges and Universities (CICU) in New York wonder if the Pennsylvania private college association might have settled too cheaply by agreeing to operate as one of four commissions ***inside*** PACU.

Academic and political leaders who were interviewed consistently asserted that the political system has reacted most positively to the cooperative approach adopted by PACU and its members. Political leaders said they did not wish to be put in a position of having to broker the conflicting demands of the different segments and sectors. The current competition for students and state dollars was essentially healthy and the political leaders said they would deeply regret such competition escalating into open warfare. They ***said*** such escalation would not result in more state funds, but New York skeptics would probably remain unconvinced. Certainly the present "constructive climate" has not produced huge gains in state effort.

My own position (elaborated on in the conclusion) is that there are *process* values as well as substantive outcomes, and while institutions cannot "eat" process values, they neither can nor should ignore them. The ultimate reputation the institutions gain for integrity, dignity, and mutual respect might in the long run far outweigh in importance a marginal extra 5-10% of income


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that might be squeezed out "the hard way." While a few institutions might find themselves so hard-pressed that the marginal 5-10% might be a matter of survival itself, the vast majority of colleges must not allow their reputations and public esteem to be sold so cheaply.

# *Illinois*

### *Overview*

In Illinois, relations between public and independent universities and colleges seem to the outsider generally very constructive. Undoubtedly a longer visit would expose more of the nuances of disagreements in Illinois. But, significantly, sources frequently comment:

"The Board of Higher Education leadership sends out strong signals that it is important to cooperate."

"There is in Illinois a distinct ethos that diversity is richness."

"The publics and the independents have learned to work together to get a bigger bottom line in state dollars."

On the other hand, of the 22 responses to the AGB questionnaire (8 public, 14 independent), only 6 indicated that relations between the two sectors were "very cooperative" while 13 checked "sometimes cooperative/sometimes strained" and 1 chose "openly hostile." Clearly, one must not accept all accounts at face value and must probe a little deeper.

### *Facts*

There are 12 public universities, 52 public community colleges, 105 independent not-for-profit institutions, and 17 proprietary institutions. The public institutions enroll about 77 percent (FY 84), the nonpublics about 21 percent, and the proprietaries about 2 percent. In terms of state dollars, the independent sector directly or indirectly receives about $95 million (FY 85), which constitutes about 8.5 percent of the Higher Education Operating Expenditures appropriated by the General Revenue Fund. These state funds come to the independent institutions via one big program, two medium-sized ones and one small, interesting one.

The largest program is the state need-based grants to undergraduate students enrolled in Illinois public and private institutions. Begun in 1958 and administered through the Illinois State Scholarship Commission, this program includes funds for both sectors, but the private sector, with some 35 percent of the awards, receives over 60 percent of the funds allocated because of the higher costs in that sector. For instance, in 1984-85 the grant program allocated nearly $110 million, of which the independent institutions ultimately got nearly $67 million.

Then in 1968, at the recommendation of the Board of Higher Education, Governor Kerner appointed a commission to study nonpublic higher education, later called the McConnell Commission after its chairperson, Dr. T. R.

McConnell. This commission—like its New York counterpart, the Bundy Commission, which had reported that same year—undertook an elaborate survey of the Illinois scene. In 1969 its report urged a wide variety of ways in which the state should recognize and support the independent institutions and their increasing distress.

In 1970 a Health Services Education Grants program was established that, by fiscal year 1985, was providing over $16 million to health programs in independent institutions.

Then in 1971 the General Assembly passed the Illinois Financial Assistance Act providing direct grants to private institutions based on the number of full-time Illinois undergraduates enrolled. By 1984-85 the amount involved had grown to over $12 million, divided on a basis of $130 per each full-time equivalent (FTE) lower division student and $260 per each FTE upper division Illinois student enrolled.

The fourth and smallest program, the Higher Education Cooperation Act (HECA), began in 1972. This program, originally funded with a modest $350,000, has grown over the years to a more substantial, yet still modest, $1.6 million. The Board of Higher Education awards these funds on a competitive basis to cooperative activities among Illinois higher education institutions the board judges to be in the public interest. While such activities could occur among public institutions or among private institutions, most projects funded over the years have involved *both* sectors. Recently the allocations have gone into three main categories:

- to encourage regional academic centers (particularly those that could coordinate off-campus programs);
- to foster interlibrary cooperation;
- to promote activities of statewide interest, such as to enhance minority access to medical education.

While the funds constitute far less than one percent of state appropriations to higher education, the symbolism and the spin-off effects are more important. The state is providing *incentives for cooperation* and, significantly, HECA funds survived severe budget cuts a few years ago.

### *Issues*

There is nothing legally binding about the private sector share (direct and indirect) of the state budget running about 8.5 percent of the General Fund Appropriations. The Illinois Federation of Independent Colleges and Universities has hoped to increase that 8.5 percent figure to 12 percent. Several public sector leaders, however, indicated that they preferred instead working with colleagues in private institutions to get overall larger state appropriations because, even with the 8.5 percent figure retained, both sectors would get more funds. There is some precedent for this strategy: Leaders from both sectors recently helped the governor get a requested tax increase. Unfortunately, the increase was a temporary measure and has now expired.

The main areas of disagreement between the two sectors, over and above the shares issue, relate to administering student financial aid and to developing new programs that seem to duplicate existing programs in nearby institutions of the other sector.

With respect to student aid, one issue was whether or not the state should put more of its limited student-aid funds into *merit* grants. This question

caused division within the independent sector as well as between the sectors. The University of Illinois, the University of Chicago, and Northwestern stood to gain the most from increasing state aid for merit grants, but only Northwestern pursued this goal aggressively. The Federation of Independent Colleges and Universities tried to hammer out a compromise position, but some of its members did not agree to it. The state finally allocated about $4.5 million for this purpose, which ended up as a $500 grant, renewable for one year, to students graduating in the top 5 percent of their high school class.

Another student-aid issue relates to the Monetary Award Program (MAP). The Board of Higher Education (BHE) goal has been for the MAP to cover 65 percent of the average private sector tuition. But funds have been so limited since 1980 that that figure has declined to 43 percent. Obviously the independent sector is most concerned with increasing the MAP percentage.

When the Illinois State Scholarship Commission (ISSC) decided to simplify its procedures by using Pell Grant application forms, more community college students qualified and the private sector share of student aid declined marginally in favor of community colleges.

In addition, the ISSC has traditionally awarded more of its limited funds to early applicants. Public sector leaders contend that more public school students apply later than private school students, and that this ISSC policy therefore prevents funds from being distributed evenly. They urged the ISSC to reserve more funds for those who apply and qualify later.

A final student-aid issue is that students attending proprietary institutions currently may not receive state aid. Independent sector leaders seem the most reluctant to include proprietary students because they fear the funds will be made up by decreasing existing shares rather than by appropriating more state funds.

The second area of disagreement was over establishing new academic programs, both on and off campus. On the AGB questionnaire (22 Illinois respondents: 8 public, 14 independent), this question was rated as high as competition over state funds (15 votes each) as a source of rivalry.

This judgment persists in spite of conscientious efforts by the Board of Higher Education to be sensitive to the problem. In a 1975 study, ***Nonpublic Higher Education in Illinois***, the Board noted that it

> should more fully integrate the programs and services of the nonpublic sector into its consideration of needs of higher education in Illinois. New program proposals should be approved only if compelling need and the unavailability of the program in both public and nonpublic institutions are demonstrated. Moreover, existing duplication of services should be eliminated wherever possible by encouraging sharing of facilities and cooperative use of faculty resources. Contractual arrangements such as those involving community colleges and certain private institutions may be desirable at other locations, and similar contracts could be developed for shared faculty appointments, graduate libraries, or other resources. Although cooperative arrangements cannot solve every problem, interinstitutional cooperation may help resolve some of the more difficult territorial disputes.

In that statement the board shows its desire to foster interinstitutional cooperation and to encourage regional academic centers with the more recent HECA guidelines allowing such funds.

Notwithstanding board efforts to coordinate academic programs, there are several disagreements about program decisions. As an example, when a

private sector law school was getting ready to close a few years ago, a public university with legislative support took over the law school even though the Board of Higher Education and most other public and private law schools felt that the state did not need such a development.

At one board meeting some private sector presidents testified against a proposed new engineering program at Northern Illinois University, claiming that it would be wiser for the state to enhance and expand existing programs. But a month later the board approved the new program, having studied the need for expanded engineering education in response to a legislative resolution concerned with state economic development.

From time to time there have been the inevitable disagreements about off-campus programs as well. The board has written new guidelines on regional academic centers in an effort to anticipate sharpened competition in this area as enrollment declines on home campuses.

### *The Future*

Several leaders in both sectors credited the Board of Higher Education with playing a major role in keeping the various disagreements "civilized." The board brings the two sectors together two to three times a year to discuss common concerns. One participant at these meetings said that the intent is less to solve a particular problem and more to develop an atmosphere of openness and trust.

The board's own strength lends substance to its exhortations for cooperation. This strength partly derives from an apparent willingness on the part of most recent governors (certainly the present one) to defer to board recommendations within the limits of the budget amounts determined by the Executive Office. Because the Illinois governor has powers not only to veto items but also to reduce them, the Executive Budget is the prime vehicle of state policy. Thus a governor's willingness to allocate funds, within the overall total allocated to higher education, based on the board's recommendations, allows the board to wield more power indirectly.

The board appreciates the role played by the private sector as shown in its comments on two national surveys (one by M. M. Chambers and one by the Washington Council for Postsecondary Education) which purported to show relatively low Illinois effort in higher education.

> These indications that Illinois' support for higher education is average or below average seem inconsistent with the reputation of the state's system of higher education. Based on recent studies of doctoral programs, Illinois has three of the nation's most highly regarded research universities. In addition, Illinois has a well developed array of regional universities and four-year liberal arts colleges, a comprehensive system of community colleges, and a State funded student aid program that ranks among the top two or three in the nation.
>
> The apparent inconsistency between Illinois' national ranking in support for higher education and the obvious strengths of Illinois colleges and universities may be partially explained by the existence of a strong private sector in Illinois. Relatively fewer public dollars are required to meet needs for higher education in Illinois than are required in states with a smaller private sector.
>
> (*Planning and Budgeting Issues for Illinois Higher Education*, December 1983, p. 23)

On the other hand, the board is aware that state policies of aid to independent institutions might not be enough to save every college now operating. There is still considerable uncertainty over projections: Birth rates and high school graduation rates are well known, but participation rates by different age groups are less certain. The possible changes—possible reductions—in federal student-aid policies also are cause for concern. The board therefore believes that state policies cannot constitute a safety net for possible "worst cases" but rather must produce a rough equity between the sectors. It also believes that the major responsibility for institutional survival and vitality still rests with the institutions themselves.



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# *Maryland*

***Overview***

Most people interviewed judged Maryland public/independent relations in higher education to be basically healthy, but with some problems. This seems to signify that, while relations up to now have been essentially constructive, there are some current danger signals that could lead to a different verdict in the future.

Maryland answers to the AGB survey are equally ambiguous. Of only six respondents (two public, four independent; two two-year, four four-year) five chose the category "sometimes cooperative/sometimes strained" to describe the relationship, while one judged there to be "no relationship." Paralleling replies from other states, Maryland respondents identified "allocation of state funds" as the chief state issue, closely followed by "competition for students" and "establishing academic programs."

Maryland is a state with a history of heavy reliance on private higher education. St. John's College was founded as King William's School in 1696. Washington College, named after our first president with his permission, received its charter in 1792. The Johns Hopkins University was the nation's first research university and remains in its front ranks today. Since colonial times the state has offered aid to its so-called private institutions. By 1946 Maryland provided more aid to its independent institutions than any state except Pennsylvania (New York, after a late start, eventually passed them both). At the same time Maryland provided, and continues to provide, comparatively less funding for its public institutions than other states.

The public sector emerged only recently. After several failed attempts to merge the state professional schools in Baltimore and the agriculture school in College Park, the University of Maryland finally achieved its present structure and legal status only in 1920. And it was really only after a commission report in 1947 called attention to the problem that the state government decided to rectify its shockingly low college enrollments by giving top priority to expanding and enhancing public sector institutions. Enrollments and state funds increased for the various campuses of the university and for the state college system and the numerous community colleges established after World War II. Furthermore, the state had in the meantime taken over three formerly private institutions: St. Mary's Seminary for Women, a two-year institution which then became a four-year liberal arts college, the University of Baltimore which became an upper division institution in the state college system, and Morgan State, a predominantly black institution in Baltimore which joined three other predominantly black institutions in the public sector.

***Facts***

The independent sector share of enrollment dropped from 44 percent in 1955 to 18 percent by the early 1970s. This decline reflected both the relatively greater growth of the public sector during this period and two successive biennia (1967-69 and 1969-71) when independent sector enrollments actually dropped (by 6 percent and 2 percent respectively).

Reacting to such developments and hoping to develop positive public perceptions through cooperative efforts, most private institutions in the state decided to form the Maryland Independent College and University Association and began to press for more state support.

The Maryland Council for Higher Education (the former name of the coordinating board) formed a Committee to Study Private Higher Education in Maryland. The committee issued a report in 1973, recommending that the state grant 15 percent of the state's general fund contribution per full time equivalent (FTE) student at four-year public colleges for each FTE in eligible (nonsectarian) independent institutions, whether the students were Maryland residents or not. Several details need to be noted about the nature of this linking arrangement. First, several items were excluded from the general fund budget figure used for the linkage: retirement benefits carried elsewhere in the budget and the state appropriations for both the University of Maryland at Baltimore, a campus of professional schools, and the University of Baltimore, an upper division institution. Second, out-of-state students enrolled at independent institutions were included because the committee did not want to pressure the private sector to discourage such enrollments. The committee recognized that many of these students subsequently stayed in the state, and Maryland was already exporting more students than it imported. The committee also urged the state to provide partial grants for capital outlay projects in the private sector.

Finally, the committee recommended that, as a condition for receiving state support, independent institutions be required to submit their new academic programs to the Council for Higher Education for its review and recommendations. The committee stressed that program duplication between the sectors might lead to problems and suggested the council look at such issues in ***both*** directions, albeit with no powers over the independent sector beyond recommendation.

By 1984 the University of Maryland had four campuses, the state college system had six campuses, St. Mary's College and Morgan State University existed as free-standing public institutions, and there were 17 community colleges.

There had been 5 closings and several mergers in the preceding 15 years, but there were still some 24 independent institutions, of which 13 qualified for direct state aid. The direct aid to these 13 in 1982-83 totaled $10.6 million, and over $2 million more went to these 13 plus another 7 through indirect student-aid funds. Finally, close to $2 million more went to four of the independent institutions for capital outlay aid in 1982-83, some in matching funds. The formula for state support had, in the meantime, gone from 17.5 percent of the public sector four-year general fund support per FTE in 1979 to 20 percent in 1980. The private sector share of enrollment had by then declined to 15 percent (headcount), although growth in the public sector had slowed down considerably.

Once again, it is important to place any discussion of "problems" in a broader context. Over the years there has been a good deal of interinstitutional cooperation across the sectors—sometimes in an informal bilateral manner and sometimes through a formal consortium. For example, the University of Maryland and the Johns Hopkins University cooperate in a Sea Grant College program and have a joint residency in urology. The University of Baltimore and the Maryland Institute College of Art have a joint program. And Hood College, a private institution, offers graduate courses on a campus of Montgomery College, a public community college.

But, as would also be expected from healthy, ambitious institutions, there is considerable competition for students, state dollars, and new academic programs, and occasionally competition develops into conflicts.

David Breneman's *The Coming Enrollment Crisis* (AGB, 1982), projects that the number of Maryland high school graduates (public and nonpublic) will decline by 16 percent from 1979-1988 and by 35 percent from 1979-1994. While not all college students enroll directly from high school, Breneman's somber statistics make institutional leaders in both sectors apprehensive.

*State Aid*. Another emerging issue concerns the link between the amount of state direct aid to independent institutions and the General Fund appropriations per FTE in the public sector. The problem arose in 1984 when the state tidied up the budget: Personnel benefits for four-year public sector staff, previously carried elsewhere in the budget, were added to the main General Fund appropriations category.

Thus, under the 20 percent linking arrangement, with no actual additional funds coming to the public four-year institutions, the independent colleges stood to gain something of a windfall of an additional $3.4 million. The Maryland Independent College and University Association (MICUA) quickly moved to forgo the additional income to show that if independent institutions wanted to increase their state aid, they would do so through the more regular channels of the open policy process. A bill was introduced on behalf of the governor to reduce the 20 percent linking figure to 16 percent on the assumption that this would result in about the same appropriation as before the budget changes. However, the bill also included a statement about the future need to increase state funds to independent institutions. Some public sector spokespersons have pointed out that retirement benefits tend to grow faster than other General Fund appropriations and that therefore, over the future, 16 percent with retirement benefits included will be better than 20 percent without them.

The situation became more complicated than that, however. The Speaker of the House and the President of the Senate—reportedly not at the request of MICUA—introduced a bill to restore the linking figure to 20 percent. MICUA made it clear that, while the additional funds were needed and would be welcome, it had not requested that the legislation be introduced. The 20 percent bill did not pass and the governor's 16 percent figure did. However, the issue could be reexamined by a newly appointed governor's commission and the linking percentage again could become a political issue.

Public sector leadership can be expected to react with caution to juggling the linking percentage and the "peace pact" nature of the linkage could be called into question. In particular the Maryland community colleges, just beginning to suffer some enrollment decline after years of steady growth, have

been pushing energetically for more state support. In the private sector the state subsidy per FTE is approximately half the amount the community colleges are receiving from the state (county funds for community colleges are excluded). It will be natural to anticipate a stronger reaction to the linkage issue from the community colleges in the future.

*Academic Programs.* Intersector competition for new academic programs has generated some disagreements but for the most part these have been handled without major confrontations. For example, when Loyola College proposed developing a doctoral program in education, Morgan State University objected. The State Board recommended Loyola not develop the program, and Loyola accepted the decision.

Legislation establishing state aid to independent institutions requires the institutions to submit new program requests to the board for its "advice," but the board's opinion is not legally binding on private sector institutions. Nevertheless, the independent colleges have judged it wise to comply voluntarily for several reasons. First, they know that recipients for direct state aid would be expected to cooperate. Second, they believe they often get helpful comments on program quality and marketing. Third, they are anxious for the state board to protect *their* existing programs when the positions are reversed. For example, the Peabody Conservatory of Music, a private institution linked to the Johns Hopkins University, receives a $900,000 annual state subsidy. Peabody objected to a new master's in music at Towson State University, also in Baltimore, whose role and mission included emphasis on the fine arts. Further examples of private sector opposition to public sector programs were that of the Maryland Institute College of Art to Towson State's graduate art program (which the SBHE supported) and that of Hood College and Western Maryland College to an extension of Frostburg State College's graduate education program to Hagerstown.

Naturally, institutions receiving negative decisions resent the decisions, but the degree of resentment depends on how political the state board role is seen to be. Obviously, a "referee" of some sort is needed in such disputes, and there seems no alternative to the use of the state board.

The most "political" crisis over the SBHE's new program role, however, came not from a public/private issue but from a dispute between the University of Maryland and Morgan State over new engineering programs. Although the University of Maryland heard reports that some Baltimore businessmen who were trustees at a private institution were opposing its engineering program at its Baltimore County campus, MICUA took no formal stand on this issue other than writing a paper calling attention to the value of cooperative arrangements in serving student interests.

In contrast, when there had been some talk in state government circles of merging the University of Maryland with the state college systems, one might have expected independent sector opposition because of apprehension about the political power of such a giant public system. But the private sector did not comment publicly on the issue and the merger proposition has been abandoned. One can only speculate if the independent institutions would have remained spectators if a merger had become a distinct possibility.

Not only are there some differences *within* the public sector, but the several independent institutions exhibit considerably different characteristics as well. The 24 institutions range from small seminaries and liberal arts colleges to The Johns Hopkins University. Thus MICUA has to balance the dif-

ferent interests of its several constituencies, with some under greater pressures than others.

One issue that apparently unites the independent and the public sectors is the role of the state board in rigorously evaluating proposals by out-of-state institutions to operate in Maryland.

### *The Future*

The State Board of Higher Education (SBHE) plays a role in bringing the two sectors together. A Segmental Advisory Committee of nine persons, with members drawn from both sectors, meets bimonthly before SBHE meetings, its chairperson reports to each board meeting, and its minutes are attached to board minutes.

The presidents also could share one another's company at the frequent meetings of the Maryland Association of Higher Education, but this organization has a membership much broader than presidents, and presidents do not seem to use it as a serious intersector forum. And trustees seem to have even fewer forums at which to meet their counterparts from other institutions and sectors.

State board procedures for approving academic programs and planning are very open, and this openness itself sometimes proves divisive when institutions publicly criticize the other sector or institutions within it. We have already discussed examples of this. More recently, the Board of Trustees of the State Universities and Colleges (BTSUC) offered testimony in November 1984 on the SBHE planning goals. The BTSUC urged that the goal of access be changed from its 1978 Plan definition to apply only to public institutions. The access goal, it argued, was directly related to desegregation issues, and these legally could be handled only by public institutions. The role of the private sector could, the BTSUC suggested, be dealt with better in the plan's statement on diversity.

In any negotiations between the sectors the governor is certain to play a major role because Maryland is a state where the executive budget is the main policy vehicle of the state. Legislators essentially are limited to confirming or reducing the governor's budget because they cannot increase it without at the same time generating new sources of revenue. On the other hand, the funding for both community colleges and independent institutions is determined by legislative formulas. Thus, both sectors work hard to maintain favorable contacts with key legislators as well as the governor's office.

In early 1985 the Speaker of the House of Delegates, Ben Cardin, and Delegate Nancy Kopp, Chairperson of the House Appropriations Subcommittee on Education and Human Resources, sponsored a bill to establish a Governor's Commission on Excellence in Higher Education. Among its many tasks the commission probably will examine financing higher education state aid to independent institutions. According to the proposed terms, the Speaker of the House of Delegates and the President of the Senate each would appoint three members and the governor would appoint seven. The task force, to report in 1986, would be aided by an advisory board drawn from the public and private institutions in the state. In 1983 the governor had appointed the Civiletti Commission, which examined the financing of elementary/secondary education, and came up with recommendations for additional funding, many of which were enacted.

The task force might recommend that the state increase its expenditures on higher education to a level closer to peer states' efforts. A modest state budget surplus in 1985 opened the possibility that the state might follow such a recommendation. Whether such an increase would be forthcoming and, if so, whether a larger budget would relieve some of the emerging tensions about relative sector budget allocations remains to be seen.

Certainly some in the public sector have mixed feelings about the linkage issue. For example, one respondent in the public sector resented having to work so hard each year to get its share of the state budget while the independents get theirs "handed to them on a platter." Even considering that this process presumably avoids some of the stronger intersector budget battles experienced in states like New York without a linkage, this respondent was not sure it balances out. Independent sector leadership, on the other hand, emphatically denies they do not have to work for their state dollars. Instead, every year they must justify the amount of the appropriation, sometimes in the face of explicit budget staff recommendations for cuts.

As for the general Maryland scene, one of the key participants noted that

> the persons involved in public/private issues, particularly those at the leadership level, have always been professional in their conduct on the issues and toward each other, no matter how difficult the issues have become. This may be one of the strengths we have in facing any future problems.

Ian Morris, Director of the University of Maryland Center for Environmental and Estuarine Studies, notes the breadth of the public/private issue, its complexity, and the rewards both to the participants and the general public when things are worked out:

> I offer some observations. I express them in specific terms, although I hope the statements are designed to prompt translations into more general terms.
>
> Technical actions—whether research, monitoring, education, extension, political action on Chesapeake Bay—belong in the hands of a myriad of organizations and institutions. These span areas of public academia, private academia, federal agencies, state agencies and private lobby groups. There is no doubt that each has a role. There is no doubt that additional resources are brought into "the system" and each unit is enhanced by creative cooperative working relationships between them. There is equally no doubt that "turf" and "self-interest" (however "well-intentioned" and "enlightened") obscure the validity of the last sentence, and make it appear naive and trivial. There is no doubt that careful identification of—and respect for—where areas of primary responsibility lie among the various sectors is a crucial practical mechanism of enhancing the mutual advantage of cooperation and avoiding the self-defeating conflicts.
>
> For example, in all of the activity surrounding Chesapeake Bay, it is right that regulatory agencies such as the Department of Natural Resources and the Department of Health and Mental Hygiene determine the management and regulatory issues. When they require technical support, it is right that the State University be seen as having a special relationship and mission in the areas of research, education and service with the crucial characteristic of public accountability. Yet, in the more broad area of long-term education and research, the cooperative links with the private sector become crucial. Also, environmental "lobbying" belongs with such private organizations as the Chesapeake Bay Foundation. It would be inappropriate for the public or the private academic institutions to assume this role.


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> Thus, strength and success come from collaboration and not conflict. Yet, collaboration will be enhanced and conflict minimized when problems of "overlapping" (and conflicting?) missions are avoided.
>
> (Morris to Berdahl, November 21, 1984)

Morris's last paragraph in some ways says it all: Public/private collaboration is so valuable when achieved, but so difficult to achieve!

# *North Carolina*

***Overview***

North Carolina gives the observer mixed impressions. On the one hand, the state has been among those most supportive of higher education and justifiably prides itself on such a national reputation. On the other hand, there are still some basic unresolved tensions in that state that, if ever directed at public/private relations in higher education, could become very unpleasant.

North Carolina responses to the AGB questionnaire reflect a little of that ambivalence. Of the 18 respondents (6 public, 12 independent; 4 two-year, 14 four-year), five said that relations between public and independent higher education were "very cooperative," nine said "sometimes cooperative/sometimes strained," three said "openly hostile," and one wrote in "often strained."

Seventeen of the respondents put "allocation of state funds" as the biggest issue between the sectors, with only nine indicating "competition for students." David Breneman's projections of high school graduates anticipate a decline in North Carolina of 10 percent between 1979 and 1989 and of 25 percent between 1979 and 1994.

***Facts***

In 1971 the state undertook two major changes in higher education that have had a major impact on the nature of public/independent sector relations today. First, the state abolished its coordinating board for higher education and merged the governance of all its public senior institutions under the consolidated University of North Carolina Board of Governors. This board was charged with planning and developing "a coordinated system of higher education in North Carolina" and to that end with maintaining "close liaison" both with the state community colleges and technical institutes (separately governed) and with the state's independent universities and colleges.

Second, in 1977 the state also began a program of assistance to students in its independent institutions of higher education. This program grew in size and diversified in scope until today the independent institutions receive some $22.8 million from the state for student aid. This sum comes principally from two programs: the original 1971 need-based State Contractual Scholarship Fund (Contract Program), which now provides $200 per full time equivalent North Carolina undergraduate student enrolled in independent institutions; and the Legislative Tuition Grants (LTG), begun in 1975, which now provide a non-need-based $850 capitation grant for every full-time North Carolina

undergraduate enrolled at a private institution. In each case the recipient institutions must use these state funds only for student aid, although in the absence of a requirement that the level of institutional effort be maintained, some public sector spokespersons say this kind of aid could be termed *institutional* aid.

The 1971 law mandating the UNC Board of Governors originally gave it the following powers with respect to the independent sector:

> The Board shall assess the contributions and needs of the private colleges and universities of the State and shall give advice and recommendations to the General Assembly to the end that the resources of these institutions may be utilized in the best interest of the State. All requests by private institutions of higher education for State assistance to the institutions or to students attending them shall be submitted first to the Board for review and recommendation before being presented to any other State agency or to the General assembly.
>
> 116.11 (11)

In 1983, however, the North Carolina Association of Independent Colleges and Universities requested that this Section (11) be dropped. The University of North Carolina Board insisted on keeping the first sentence as part of its mandate for comprehensive planning, so only the second sentence was finally deleted.

Public/independent sector relations over the past fourteen years include instances of cooperation as well as conflict. From the splendid UNC/Duke collaboration inside the famous Research Triangle, through consortia of public and independent institutions, cooperation has occurred, is occurring, and will occur. Therefore, it is important to put the analysis of the conflicts in proper perspective.

North Carolina's institutions appear full of vitality. They include the University of North Carolina system, with 16 campuses, 58 community colleges and technical institutes under the State Board for Community Colleges, and 38 independent institutions, linked together in the North Carolina Association of Independent Colleges and Universities. (All the independent institutions are church-related, but in varying degrees.) These institutions project a strong sense of drive that helps to give North Carolina a reputation as a good state for higher education.

### *Issues*

The same restless ambition and drive that gives North Carolina higher education such vitality also makes it nearly inevitable that occasionally campuses and systems and sectors will come into conflict. It was easy for all three sectors simultaneously to work to expand and to improve their quality when enrollment projections and state fiscal conditions indicated that all three sectors could be treated well. President William Friday is justly proud of the growth and quality of the UNC system, whose capstone is the Chapel Hill campus. Various governors have used the community college system to great advantage in helping to attract new industry into the state, and the community college system has grown accordingly. And while most independent sector institutions have not grown to any considerable degree, they have as a group worked successfully with the governors and the legislature to get larger amounts of state aid.

By the mid-1970s, however, the scenario began to change. Projections of declining enrollment and state fiscal conditions meant all sectors would have to compete for both students and state funds. In addition, responding to several other factors, including federal policies, the state began to put relatively more funds into local school systems.

As a result, the sectors began to criticize one another. The independent sector had a litany of complaints. The 1971 legislation had designated the UNC board as the agency to recommend state policies toward independent higher education. But on September 5, 1976, to the dismay of the private sector, Chairman of the Board of Governors William Johnson stated: ". . . the Board . . . feels very keenly its obligation to our public institutions. They are our first responsibility . . . I hope the private sector will recognize that our primary obligation is to our public institutions."

That sort of position, independent institutions claimed, made it obvious that the UNC board would not be objective about recommending state policies for private institutions: The private institutions would get what was left over after the public institutions had gotten their share.

Public sector leadership, on the other hand, resented occasional private sector criticisms of low tuition in the public sector, and cited Article IX, Section 9, of the State Constitution, which urges the General Assembly as far as practicable to render higher education to the people of the state "free of expense." However, some in the private sector pointed to the growth in the tuition gap between the sectors and said that if public sector tuition was not to be increrased significantly, then state aid to independent colleges had to be increased to help close the gap.

The private sector also used a variation of this argument in an attempt to increase the state Legislative Tuition Grant. They pointed out that the relatively low out-of-state tuition at public institutions was, in effect, giving more state aid to out-of-state students than in-state students attending private institutions were receiving. Instead of proposing substantial increases in the Legislative Tuition Grant, however, the legislature took steps to raise the UNC out-of-state tuition charges, thus increasing the competition between the sectors for in-state students—not exactly the private sector's original goal.

The private sector complains that UNC projections show continued growth and the need for expensive new buildings while there is unused space in independent institutions, and state per-student subsidies to private institutions cost much less than per-student subsidies to public universities and colleges. The UNC authorities point out that most of the modest decline in the private sector has occurred in the two-year colleges and the smaller liberal arts colleges, and much of the new student demand is in specialized courses and graduate work that those private institutions do not usually provide.

The two sectors trade charges of unnecessary new programs. Not long after a careful UNC study on the state need for a new law school (requested by a constituent campus) had found no such need to exist, a private institution established a new law school. More recently that same institution announced plans to institute a new pharmacy shool about an hour's drive from the UNC-Chapel Hill Pharmacy School. The UNC school, not surprisingly, protested that with its enrollment already slightly declining, the state did not need a second pharmacy school. Conversely, a leader in the private sector indicated that the University had yielded to "blatant political pressure" in establishing the medical programs at East Carolina University.

Because there is no umbrella board over the three sectors, there is no neutral party to turn to for objective judgments on such matters. North Carolina, nearly unique among the fifty states, did not choose to establish or designate a state 1202 commission in response to the national Higher Education Amendments of 1972. Such a body would have constituted a form of umbrella board, albeit a very weak one. But apparently no one in any of these three sectors or in the executive or legislative branches of government now wants to establish any equivalent body. In the absence of such a body, disagreements among the sectors must be resolved via the political process, and the governor and the Advisory Budget Commission have to work out the financial consequences of any decisions taken. Although the governor plays a strong role in formulating the executive budget, he lacks veto power, and the Advisory Budget Commission seems to be the arena in which ultimate fiscal decisions are taken.

Further complaints are that the private sector can receive LTG subsidies for its off-campus programs while comparable UNC programs must be self-financed, and that a few of the 35 technical institutes have been changed into community colleges with inadequate sensitivity to the impact of such changes on the increased competition with nearby private liberal arts colleges.

In 1982 the independent sector was able to obtain the following rather vague commitment from the General Assembly:

> By the end of 1986-87, the General Assembly intends to provide for the private college student assistance programs within North Carolina, a reasonable per-student funding level compared to the per-student State appropriation during the preceding fiscal year for the institutions under the Board of Governors of The University of North Carolina.

In an attempt to resolve possible differences, the UNC system and the NCAICU established an informal meeting of trustees, with five members drawn from the public sector and five from the independent sector. But after meeting five times, the group was unable to agree on any of the issues discussed. It seems that trustees could not break through the policy impasse without strong executive leadership.

In 1983, when the independent sector got the change in legislation allowing it to approach the state government without going through the UNC board, public exchanges between the sectors became somewhat sharper. For example, the chancellor of the UNC-Chapel Hill campus made two speeches in which he complained that the public sector institutions were not being funded at a sufficient level while substantial state funds were going to the private sector, which was in the process of asking for more. As an example, he cited a UNC salary freeze while Duke and Davidson were increasing faculty salaries. He further noted that the accountability issue made it unlikely that the independent institutions could continue to receive increasing state funds without compromising their so-called independence.

In rebuttal, a private sector spokesman later pointed out that all state funds received are audited by state auditors, that UNC itself gets $20 million from private funds, and that, while there may have been a UNC salary freeze, Chapel Hill salaries were among the highest in the country.

The North Carolina Association of Independent Colleges and Universities then established a Council on Independent Higher Education to act as a more effective advocacy group. In late 1984 this council forwarded its first full bien-

nial budget request directly to the governor and Advisory Budget Commission. The council added, "This new procedure has done much to improve understanding and cooperation between the independent sector of higher education and state government." In this request the private sector asked the governor to endorse the general principle that the "tuition gap" not be allowed to expand beyond its existing size. As part of that goal the council urged that state grants to independent institutions be raised by an amount identical to the increase granted the previous year to public sector per-student appropriations. (An identical increase in *amount*, rather than in *percentage*, over time clearly could produce a difference between the "tuition gap" and the "support gap.") That "amount" in 1984 would have been $325, which would have raised the per student state grant from $1050 to $1375. In subsequent years it was proposed that a similar linkage be made. (The 1985 Advisory Budget Commission in fact subsequently recommended a $200 increase.)

Needless to say, public sector leadership was not happy with these proposals. For example, former governor Robert Scott, head of the Comunity College Board, wrote a letter to the press urging that the state's first priorites should be to the public sector institutions. And the UNC Vice President for Planning wrote a letter to the press protesting the uncritical acceptance of private sector "propaganda."

### *The Future*

The general mood in both sectors appears to be changing to one of greater willingness to reach some accommodation of interests. One factor might be the increasing attention national associations are paying to the public/private issue and the awareness that it is related to powerful larger forces. One UNC leader has called attention to the growing push by conservatives in favor of private enterprise—tuition tax credits, a voucher system, "savings to the state" by subsidizing private ventures—including elementary and secondary schools, higher education, hospitals and health care delivery systems, and even prisons.

Another factor could be changed conditions within the state. One leader in a senior institution said that an "extended grab system" by the public and private sectors could hurt everybody and might cause the support for both to collapse "like a house of cards." The fine North Carolina record of support thus far might have to face stronger competition from the community college/technical institutes and, in particular, from a K-12 system more heavily dependent on state funds. There are very few private K-12 schools in North Carolina, and the powerful North Carolina Education Association is openly opposed to state aid to private education.

Finally, there is an additional factor of several changes in key personalities. A new governor is taking office who earlier served as a chemistry professor at Davidson College. Former governor Terry Sanford also is retiring as president of Duke University. And, after years of leadership of the UNC system, William Friday will retire next year. It is an open secret in North Carolina that for many years Friday and one of the private sector leaders have not gotten along.

Already the UNC president has employed a little-used provision of the comprehensive planning process to call a meeting of the Advisory Council of Presidents from the independent sector. Heretofore, the private sector had been very wary about participating in the UNC master planning process. A

UNC spokesman said "Not only did they not want to provide *us* with much data, they didn't even trust each other!" If the new Council of Independent Higher Education is able to get the independent institutions working together more effectively, it and the Advisory Council might be ready to negotiate with the UNC leadership with greater success.

There are other forums also where the sectors can meet and negotiate. A Liaison Committee includes representatives of the UNC system, the public two-year institutions, and the private sector. Until now, it has not been considered an effective means of resolving intersector issues. Similarly, the North Carolina Association of Colleges and Universities (NCACU) holds an annual meeting including all the institutions.

At the November 2, 1984, NCACU meeting Dr. Samuel Spencer, former president of Davidson College and current president of the Virginia Foundation for Independent Colleges, delivered a speech that included some relevant points. After calling for "a bit more grace and generosity on both sides," Spencer urged avoiding an annual battle and hard feelings over settling the amount of state aid to private higher education. He proposed the sectors accept the basic program of aid as a given and negotiate some figure between the existing estimated 25 percent of the amount provided for each in-state student in the senior public institutions and a 50 percent figure suggested several years ago as an appropriate budget.

If such an agreement were to be reached about some compromise figure, Spencer continued, both sectors should learn to work together on matters of mutual concern. One example was the need to increase the percentage of North Carolina high school students going on to higher education, an area where North Carolina evidently ranks in the bottom 25 percent of the states.

There are precedents for both of Spencer's suggestions. Maryland, as noted, already has an escalator clause that fixes the amount of state aid to independent higher education at a fixed percentage of the funds appropriated to senior institutions in the public sector. And the Pennsylvania Association of Colleges and Universities has brought together both sectors in a study of the factors that influence Pennsylvania high school graduates in their decision whether or not to continue to college.

It remains to be seen whether the leadership in both sectors and in state government will consider this public/private sector issue sufficiently important to bring to its resolution what Spencer calls "the vision and courage and determination of a Camp David initiative."

# *New York*

## *Overview*

In the fall of 1983 higher education in New York made headlines when the Commission of Independent Colleges and Universities (CICU) first requested a postponement of a meeting of the Association of Colleges and Universities of the State of New York* (ACUSNY) scheduled at Cornell University a week later, and then, when that meeting was held as planned, called a special CICU meeting at Fordham University the same day. While a few CICU members attended the Cornell meeting, more were at Fordham.

The immediate cause of this rupture inside ACUSNY was disagreement between CICU and the leadership in the State University of New York (SUNY) and the City University of New York (CUNY) about the possibility of indexing state support for independent higher education to some sort of base in public sector appropriations. Indexing had been proposed in the 1970s by Dr. Melvin A. Eggers, former president of Syracuse University, and also in the Board of Regents (BOR) 1976 Master Plan†. Later, indexing was the focus of a working party that included representatives from the State Education Department (SED), the administrative arm of the regents, and from SUNY, CUNY, and CICU. Because there are so many different ways that the several state aid programs to independent higher education (described later) could be pegged to some aspect of public sector appropriations, it became technically a complex task. It turned out, however, that political problems more than technical problems blocked the way.

At the ACUSNY Executive Committee meeting preparing for the fall 1983 annual meeting, the chancellors of SUNY and CUNY reported that, based on a preliminary review by campus presidents within each system, there would be strong opposition to the idea of indexing and any "action motions" would probably be opposed. On the other hand, they were prepared to have the issue fully discussed at the annual meeting.

The CICU leadership, particularly in the persons of Henry Paley, its president, and Father James Finlay, president of Fordham University, reacted with dismay and indignation to what they regarded as a last-minute reversal of a

*ACUSNY is the voluntary statewide association in higher education that includes members from both public and independent sectors.

†The Board of Regents, with constitutional status going back to 1784, is the umbrella board over *all* education in New York and serves a planning and regulating role with respect to both public and independent higher education in the state. The BOR members are elected by the legislature and they, *not* the governor, choose the commissioner of education.

prior agreement to submit formal action motions. The CICU rump session was the result, complete with press release.

The disagreement about indexing was the latest and most dramatic of a number of disagreements that have characterized relations between the two sectors over the last decade. Veteran New York watchers sometimes claim that New York's public/private relations are so unique to that state that the country can learn little from New York and New York little from the country. This generalization is only partially true.

The regents *are* unique among statewide boards of higher education for two reasons. First, they date back to 1784 and have constitutional status, independent of the executive branch. Second, they have legal jurisdiction over independent as well as public higher education. Added to these facts are the historical conditions that there really was no significant "public sector" outside New York City until SUNY was instituted in 1948 by Governor Dewey (against the advice of the regents). Whether justified in fact or not, the regents acquired a reputation for a certain leaning toward the independent sector. Thus the political configuration, greatly oversimplified, could have the independent institutions and the regents in a tug of war—sometimes subtle and sometimes not—with SUNY and the Governor's Office. The legislature has reputedly divided on the issue with the Senate alleged to be protective of CICU interests and the Assembly more responsive to those of the public sector, particularly in the last few years when New York City's financial problems caused the state to assume a greater responsibility for CUNY's funding.

### *Facts*

The sectors line up as follows in terms of institutions, percentage of enrollments, and state funds.

| | Level | Number | 1982–83 Enrollment (percent) | State Funds* 1982–83 (millions) | (percent) |
|---|---|---|---|---|---|
| SUNY | SR | 29 | 38.0% | $1,329.5 | 59.5% |
| | 2 yr. | 35 | | | |
| CUNY | SR | 11 | 18.2% | $ 585.7 | 26.2% |
| | 2 yr. | 8 | | | |
| Independent (in CICU) | | 115 | 40.8% | $ 291.7 | 13.0% |
| Proprietary | | ? | 3.0% | $ 55.8 | 2.4% |

*The term "state funds" is somewhat misleading, since the SUNY and CUNY figures include such items as student tuition, hospital income, and other items, whereas the Independent amount is entirely tax dollars.

In the 1960s Gov. Rockefeller not only continued and expanded Gov. Dewey's effort to build a state university system, he also appointed a Select Committee on the Future of Private and Independent Higher Education in New York State. This group, later called the Bundy Commission, reported in 1968 and recommended direct institutional grants, apportioned on the basis of degrees awarded.

The state began Bundy aid in 1969 and the amount has grown until in

1981-82 it reached $93 million, granted at $450 for associate's degrees (two year colleges only); $1200 for bachelor's; $900 for master's; and $4,500 for doctor's, including medical and dental. These sums are awarded to each institution per degree, regardless of how long the student had studied at the institution and regardless of whether the student was in-state or out-of-state. (The Bundy Commission had expressly included out-of-state students in its recommendations because it did not wish to pressure New York institutions to become more parochial, and it recognized that New York was already exporting more students than it imported.)

The Tuition Assistance Program (TAP) is the largest program of state aid. The program was appropriated $251 million in 1980-81, of which $118 million, or 47 percent, went to the independent sector. This program is need-based and restricted to New York residents.

There are also several other programs that materially benefit independent institutions. The Higher Education Opportunity Program allocated $11 million in 1981-82 to assist private colleges to provide educational opportunities for financially and educationally disadvantaged New York students. There were also several competitive and noncompetitive scholarship programs for use in either sector, a Dormitory Authority to provide tax-exempt bonds for residential and academic facilities at independent institutions, private sector access to purchases through state contracts, and six state-endowed chairs in science and the humanities at private sector universities ($100,000 per chair).

According to one estimate that excludes both nonneed Regents Scholarships awarded directly to students and TAP funds going to proprietary institutions, in 1981-82 the total amount of state funds ending up in independent universities and colleges was about $242.5 million. It should be clear, then, why the issue of state aid to the private sector in New York is no small matter.

### *Issues*

In addition to the disagreement about indexing, there have been a host of other topics about which the sectors have been unable to reach accord. On the other hand, as with the other states, it is not accurate to stress only the divisive issues.

Several active consortia in the state involve serious cooperation from both sectors. And Commmissioner of Education Gordon Ambach reports that he witnesses considerable intersector cooperation in meetings of his Advisory Council of Presidents and in the operation of the Centers for Advanced Technology. Some sources say the sectors find it easier to get along at the graduate level and that this shows up in the present concord in the SED Doctoral Council and in New York meetings of institutions from both sectors belonging to the Association of American Universities.

Others, however, are less optimistic. For example, of the 22 New York replies to the AGB questionnaire (16 from independent institutions, 6 from public; 17 from four-year institutions and 5 from two-year), *none* indicated that public/private relations were "very cooperative," 15 chose "sometimes cooperative/sometimes strained" and 4 even judged them "openly hostile," (One declined to answer and two checked two responses.) The respondents designated the following issues as the sources of most conflict (in descending order): allocating state funds, competing for students, and establishing academic programs.

Intersector relations were not always like this. In the 1960s the fortuitous combination of a rich state treasury, a governor who was ready to advocate state funds for both sectors, and an expanding student population made intersector cooperation easy. But by the end of the 1970s, state fiscal crises had produced much more cautious governors, and demographic projections of declines in New York's student population were frightening both sectors.

In this context each sector engaged in activities that the other found irritating. When SUNY asked for funds to support more students and to build more buildings, independent institutions claimed it would be cheaper for the state to subsidize the additional students in the private sector and even proposed in the CICU portion of the 1976 Regents' Master Plan that the state put a freeze on new construction in the public sector.

At public hearings on that 1976 Master Plan, SUNY campus presidents registered strong negative reactions to CICU's use of the planning process for a recommendation like that. They also objected to a proposal that the regents be granted budget review powers over SUNY and CUNY, whose budgets go directly to the Governor's Division of the budget.

The faculty and student unions of SUNY began an aggressive campaign, including lobbying and advertising, against so much state aid to independent institutions and tried to block the proposed heavy cuts in SUNY faculty lines (which ultimately reached 4400 positions). In turn, independent institutions took umbrage, and protests by SUNY leaders that such faculty and student actions were taken on their own by organizations not under SUNY control seemed to appease independent sector leadership only slightly.

Predictably, CICU and the two public systems have found themselves at odds over whether, to help lessen the "tuition gap," the state should raise the TAP awards, increase tuition charges in the public sectors, or some combination of both. In 1977 the SUNY Board reversed an earlier negotiated agreement to back a rise in the amount of the TAP awards. More recently CICU institutions suggested *graduated* tuitions for the public sector based on family ability to pay. Not surprisingly, public sector reaction has been very unfavorable. In rebuttal, it suggested that the tuition gap concept be replaced by that of "net cost," which would include *all* resources, including institutional aid, going to the student. With the possible cuts in federal student-aid programs in the late 1980s, the issues of state student aid and public tuition fees become more pressing than ever. The regents' enrollment projections to 1992 do nothing to ease this pressure, showing potential drops in full-time undergraduate student enrollment ranging from 24 percent at SUNY and the independent institutions to 8 percent at CUNY.

While these general issues were working their way through the sectors, a major new development occurred. The City University of New York, formerly tuition-free and financed by the city, became a state-supported system alongside SUNY and obviously made the problem of stretching tight state dollars all the greater.

With relations already generally tense, two other events emerged that set the stage for the conflicts over indexing. In 1982, SUNY proposed a limited number of Bachelor of Technology programs at three of the six Agricultural and Technical two-year institutions. Within a short time 39 presidents of independent institutions had signed letters opposing this proposed expansion of role.

Then the SUNY leadership recommended a new undergraduate engineer-

ing program at SUNY-New Paltz in response to what it said was nearby industry's request for better local education facilities. Some independent institutions opposed this on the grounds that they could supply such services through a strengthened consortium. The regents, in the form of the SED, reviewed this request and initially rejected the request on the grounds that existing public engineering programs were inadequately funded.

However, some business leaders approached Gov. Cuomo and Speaker Fink and evidently persuaded them to support the project as part of the state's overall economic development policy. Announcing that he would add special *additional* appropriations for these purposes, the governor asked the regents to reconsider their rejection. They did, and in a split vote they approved the program.

Although the program is small (35-40 students per year), the issue was made far larger in terms of its symbolism. Henry Paley, president of CICU, wrote in 1984:

> The Board of Regents was designed to buffer educational policy from power politics. Those who have studied the record of this unique system will attest to many attempted incursions from the executive and legislative branches of state government. In all of these sallies upon the independence of the Board of Regents, none have matched the brazenness of what we have witnessed in the last year.
>
> Whether or not the State University is permitted to open another engineering school is of relatively small consequence, as wasteful of public resources as such a decision might be. What is consequential is how the Board of Regents responds to the deliberate invasion of its sovereign responsibilities by the other branches of state government. Higher education is where the Regents started. If the Regents are now forced to act on higher education policy as political puppets, it is there that the Regents will die.
>
> (Remarks delivered by Henry D. Paley
> Twenty-eighth Annual Meeting, Commission on
> Independent Colleges and Universities, March 6, 1984)

### *The Future*

With the dramatic split over the indexing issue still fresh in people's minds, what is to be said of the future of public/independent relations in New York?

First, the issue of indexing itself seems to be politically dead. This is true partly because of public sector opposition, and because indexing appears to have little support from state officials. Indexing's opponents in the public sector presumably felt that it allowed independent institutions a special advantage to receive state funds based on the public sector appropriations. According to the proposed formula, if a major funding increase—for instance for a medical school—were to be added to the public sector, the private sector share would have jumped accordingly—a growth based not on increased need but on formula. Overlooked, perhaps, or considered less important, was the possibility that indexing would give both sectors a common vested interest in seeking more money for higher education in general ("'the rising tide floats all boats") and might lessen the annual political battles over program funds. In the political world, opponents presumably did not like automatically linking the various spending programs. Fiscally, that might "cost" more than annual battles over relative needs; politically, it might lessen the brokering role of certain key leaders who could use those annual battles to build personal

power bases.

If indexing is no longer a viable issue, might the two sectors seek rapprochement over other topics? Clifton Wharton, chancellor of SUNY—and by coincidence, chairman of the ACUSNY Executive Committee when the indexing split occurred—addressed the Cornell ACUSNY meeting and suggested forming a three-member outside special panel to help mediate the disagreements. While those attending the annual meeting at Cornell put aside the suggested special panel, they did urge leaders in both sectors to make every effort to resolve their differences and to rebuild the shattered ACUSNY in the process.

Both sectors nearly reached agreement on an enlarged TAP program, but CUNY leaders ultimately felt unable to support the package. However, the legislature did vote $48 million more for TAP than requested in the governor's budget, and that eased the tensions a bit.

Coincident with all this was a change in two key offices. CICU President Henry Paley died in the spring of 1984, and Lester Ingalls, for many years executive officer of ACUSNY, retired. Paley was very direct, very confrontational, very effective, and much respected, even by those who found his style abrasive. Under his leadership CICU had become a powerful lobby in Albany, and independent institutions in New York undoubtedly benefited from increased state funding during his tenure. However, tensions between the sectors rose sharply during this same period, and it might be impossible to know whether state funds *to higher education* in New York would have been higher, lower, or about the same if the intersector relations had been less openly strained during this time.

The conventional wisdom says that when the sectors cooperate, the state government will find greater force to the argument and therefore appropriate more funds to higher education. In contrast, one New York respondent suggested that, at least in that state with its particular conditions and style of politics, there is actually a greater likelihood of more funding if the various sectors, systems, and institutions *actively* compete with each other for state funds. According to this theory, institutions tend to relax their promotion efforts during periods of harmony, whereas the threat and excitement of major competitions seem to get all the vital juices flowing. State executives and legislative officials then supposedly yield more funds to the steady pressures from all sides.

As an organization of independent institutions ranging from very small liberal arts colleges to giant research universities, CICU will probably have some members who subscribe to the first theory and others who would lean toward the second. A major factor in shaping the way CICU will go in the future is whether the larger independent universities care to play a strong leadership role in CICU. The less affluent private institutions would appear to feel most threatened by public sector developments, and if these play a dominant role in CICU one can expect a fairly hard line policy on intersector relations.

Certainly ACUSNY has made noble efforts to revive its fortunes and allow it to play its potential unifying role. It recruited Joseph Blaney, a former assistant to Gordon Ambach, Commissioner of Education, and therefore a person extremely well versed in the ways of educational policymaking in Albany. The views Blaney expressed at his first ACUSNY Annual Meeting in Albany in November 1984 lend some weight to the contention that some in the political

world might also have their reasons for not finding "unity in higher education" the only way to go:

> As I have observed the budget-making process in the political arena for a number of years, I have concluded that the absence of unity is not always disturbing to the people in state government who make critical decisions about Higher Education's resources. I sometimes think they would prefer not to have to confront a monolithic Higher Education community. Clearly, it is often easier for them to respond to the sectors as protagonists rather than as proponents of a common program.

At that same ACUSNY meeting (well attended by both sectors) Blaney went on to urge that "the outcome depends on just how enlightened the self-interests of the member presidents" are and presented a potential work plan for ACUSNY that included forming a Task Force of nine presidents to develop "a comprehensive, formal policy with respect to state financing for a *system* of Higher Education" (emphasis in the original).

Blaney has met with his counterpart from the successful Pennsylvania Association of Colleges and Universities and has already received $100,000 in external funding for several other interesting ACUSNY projects. Some members at the November 1984 meeting urged that the regional groupings the Regents had tried earlier be revived and used as a practical means of encouraging cooperation among proximate public and independent institutions.

There are, of course, other parties anxious to aid ACUSNY in this healing effort. Although it is one of the smaller faculty associations in the state, the New York State Conference of the American Association of University Professors, with members from both sectors, has tried to use its good offices to promote intersector harmony. And the Board of Regents, the Commissioner of Education, and the SED staff also are committed to improving intersector relations. Given the real conflicts of interest and the political passions unleashed recently, it could take the combined efforts of all units to attain significant new achievements in intersector cooperation.


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# *Conclusion*

Before analyzing the ways changes in state structures or state policies can work to improve public/independent sector relations in the states, it is necessary to consider two prior issues. First, let us examine the assumption that everyone wants intersector cooperation. Then let us discuss the limitations of dealing only with structures and policies.

### *Intersector Cooperation*

Not everyone agrees that intersector cooperation always produces the best results. The vast majority probably see the value of desiring greater public/independent harmony both for its own sake and as a means of getting more funds from public authority to support higher education. However, this study has found that a significant minority suggest that the reality might be different. According to this perspective, higher education might actually profit more when its institutions, segments, and sectors aggressively compete against each other—even to the point of publicly criticizing each other. At one level, it is assumed that heated competition stimulates higher education institutions to greater and more effective public and government relations efforts. At another level it is assumed that state governments will yield more funds if they are "squeezed" by vigorous competing pressures from all sides in higher education.

On the basis of the work of this project, the claims of either perspective can neither be proved nor disproved. It is possible that the competition/conflict scenario does in fact work in a given state at a given time.

However, as mentioned briefly in one of the state studies, there are *process* values as well as those of bigger state appropriations. In a given state ***in the short run*** it might be possible to increase the state appropriations to higher education through intersector competition. However, it is also possible that ***in the long run*** such stridency will not only harm higher education's reputation but will also result in lower allocations once state officials tire of the competition. Critics might protest that pressure politics is the method most used on governors and state legislators and that therefore they should not weary of such tactics from higher education any more than from any other part of society. But that is just the point: Universities and colleges claim exemption from normal social controls in favor of greater autonomy because they claim to be different from the rest of society. If they adopt the cruder political tactics, including attacks on opponents, of the normal political world perhaps they must forfeit any claims to special treatment. Vigorous political advocacy is acceptable; all-out war on the opposition is not.

Given the preceding considerations, I, for one, take the view that it is better for universities and colleges in both sectors to make conscious efforts to keep their competition with other institutions healthy rather than destructive, and to go beyond this, where possible, to develop positive cooperative efforts in their relations with state (and federal) governments.

### *Limitation on Structures and Policies*

In the introduction to the studies it was noted that persons desiring to recommend improvements in public/independent sector relations in higher education in the several states need to be acutely aware of the limitations under which they work. The most crucial variables in many ways are those over which they have little control: the historical facts, the patterns of politics, and the role of particular personalities, all of which are nearly unique to each state and not usually amenable to change.

For example, one of the Indiana respondents to the AGB questionnaire noted that:

> The effectiveness of the long history of cooperation in Indiana is due to the effort made by sincere and dedicated presidents of Indiana institutions from both public and independent colleges and universities through the Indiana Conference of Higher Education. The history since the forties includes names such as Hovde, Wells, Huegli, Helman, Reardon, Hyde, Banet, Hesburgh, Emens, Horner, Bolling, to name a few. These presidents were (are) statesmen as well as educators. They worked hard at making the relationship real and productive.

This emphasis on the role of personalities was brought out in the preceding state studies by the strong individual roles played by John Oswald in Pennsylvania, William Friday in North Carolina, and Henry Paley in New York.

### *Structures*

Given the prior importance of the patterns of facts, politics, and personalities nearly unique to each state, one can say several things about the role or the potential role of structures. These include statewide associations specifically formed to foster intersector cooperation, statewide boards, 1202 commissions and state scholarship boards (developed for other purposes but that incidentally or purposefully bring the sectors together), and a variety of other organizations (some of a continuing nature like accrediting groups, and others of an ad hoc variety), that can serve to promote at least limited intersector collaboration, such as a joint campaign to pass a state tax increase. There are also a host of consortia that range from statewide groups to smaller regional ones that include institutions from both sectors.

The effectiveness of such structures varies enormously. For example, both the Pennsylvania Association of Colleges and Universities (PACU) and the Association of Colleges and Universities of the State of New York (ACUSNY) are statewide associations expressly formed to promote intersector and interinstitutional cooperation. However PACU, with widespread institutional support, a substantial staff, and an impressive series of activities is at the height of its effectiveness, while ACUSNY, reeling from the dramatic split in 1984, is working with a new leader and a skeleton staff to develop renewed institu-

tional backing and outside funds for more programs.

Different variables determine the effectiveness of an association whose purpose is to promote interinstitutional cooperation. Clearly the biggest set of variables is that the prevailing conditions have to be right! Then it is necessary to have an outstanding director and high quality staff. This obviously requires a minimum threshold of funds, which should be garnered from *internal* sources and not depend on outside funding. If the constituent members are not committed enough to fund the core staff, the organization is in deep trouble. External grants, however, can be very valuable in mounting programs that serve the association's constituencies. Finally, there are environmental factors such as the need for a state political system that rewards cooperative efforts in tangible ways to encourage them further.

Professor Lewis Benezet of SUNY-Stony Brook has done some work on these statewide associations of higher education. Combining his data with the later AGB questionnaire results reveals that 18-20 states have some form of statewide association, ranging from a few very active ones to many that tend to be more social in nature, generally tending to avoid divisive substantive issues.

As examples of what even moderately active state associations can accomplish, two items connected with the Indiana Conference of Higher Education (ICHE) are listed in the resource guide section:

1. A formal resolution of the 1977 Indiana General Assembly urging "harmonious collaboration between state and independent institutions of higher education" and endorsing four ICHE principles of access, choice, economy and integration.

2. A 1984 ICHE resolution setting out voluntary guidelines for offering courses off-campus.

Many respondents to the AGB questionnaire listed their statewide board of higher education as a forum that, in one form or another, brought public and independent higher education together. In a few instances (for instance California) public and independent institutions have representatives sitting on the board itself. More often the sectors work together on board advisory councils or technical committees or both.

There are statewide boards of higher education in nearly all the states, but those in states with very small private sectors might be less concerned about cross-sector issues. Another difference among them relates to whether they are coordinating or consolidated governing boards. Consolidated governing boards not only plan and coordinate but also directly govern the public institutions (sometimes only the senior colleges). The private institutions therefore feel that consolidated governing boards might not be able to deal fairly with public/independent sector issues, having an understandable bias toward the public institutions they govern.

Thus, quite a few AGB respondents from consolidated governing board states listed agencies *other* than their statewide board as the forum where public and private institutions are brought together. If a state in this category had a PACU-like organization or, failing that, a state 1202 commission or state scholarship board, these were the kinds of assocations listed. Readers will remember the concerns voiced by the independent institutions in North Carolina at having to channel their requests for state aid through the University of North Carolina Board of Governors.

In a few consolidated board states, however (for example Wisconsin and

Utah), private sector respondents reported cordial relations with their statewide board. This was generally true for the coordinating board states where such boards were frequently credited with taking the lead in bringing the sectors together. Again the reader is reminded of the Illinois case study where the coordinating board played such a major role. In particular, in such activities as planning, enrollment projections, and program review, statewide boards can analyze policy issues of vital concern to both sectors.

Survey respondents often cited consortia as helpful means of promoting public/private collaboration. Except in New Hampshire and the District of Columbia, the consortia do not cover the entire jurisdiction. But whether it's one of these very effective consortia in the District of Columbia or New Hampshire or some consortium operating over a limited jurisdiction, respondents over and over paid tribute to the practical and mutually beneficial ways in which consortia promote cross-sector cooperation. Cited in the Resource Guide is a brief report on the New Hampshire College and University Consortium by Louis Benezet. The report explains how successful that consortium has been in promoting public/private sector cooperation in that state.

There are also agencies with transstate jurisdictions that also help public and independent institutions to work together. One thinks of the regional accrediting associations and the regional interstate compacts (for instance the Southern Region Educational Board), all of which have activities that can involve institutions from both sectors.

Finally, survey respondents mentioned occasional ad hoc groups or activities that bring the sectors together for some passing purpose, such as to oppose state tax cuts, to support state tax increases, to oppose federal program reductions, or to undertake a statewide study of higher education. These might be effective as far as they go, but obviously do not have a continuing life or impact.

### *Policies*

As with structures, so also with policies. How well a given policy has seemed to work in a given state might tell us little about its probable effectiveness in another state. Nevertheless, one cardinal feature of the American federal scene has been extensive borrowing across state lines. Let us consider here some generalizations based on the individual state case studies and the general AGB questionnaire responses. These will include not only those relating to independent higher education, but also those dealing with such public sector issues as approval of new institutions and new programs (on and off campus), tuition rates and admission standards, and changes in role and mission.

*Independent Sector Policies.* To start with the least controversial, most states grant tax exemptions to private college property. Some grant independent institutions exemption from state sales taxes. Some grant their colleges powers of eminent domain. Some allow private institutions to use tax-free state bonds to finance their capital construction. Idaho and Indiana even allow a limited credit against state income tax for contributions to accredited public or private institutions in those states. Neither in the case study states nor in the general survey responses did these policies surface as intersector issues.

Much more pervasive, and perhaps accordingly somewhat more controversial, have been the numerous state student aid policies that include private sector recipients. Because charges are obviously higher in independent

institutions, which are dependent on tuition, there is a natural competition at the state level, paralleling the national Pell Grant debate, about the relative merits of spending student aid funds on larger grants for fewer students or smaller grants for more students. Another tradeoff that seems to trigger some political fallout is the one between need-based and merit-based student aid. Both Pennsylvania and Illinois had experienced a modest degree of intersector disagreement over such issues. And finally, there is the issue of putting state funds into student grants or student loans. With the federal government apparently stressing loans more and more, there is some pressure at the state level not to do the same thing.

In each of the five states studied, the state student aid programs were administered by a scholarship commission separate from the statewide board of higher education. While these studies considered the general "politics of higher education" and the role of the statewide board of higher education therein, they paid less attention to the composition, powers, and functioning of these state student aid agencies. Nevertheless, based on experiences in the five states plus a careful reading of the AGB questionnaire replies, the student aid issues do not seem to be so grave that they threaten to break down public/private sector civility. Disagreements will certainly occur—***within*** each sector as well as ***between*** them—but normally the issues at the state level seem open to serious negotiations or, failing that, to political resolution.

State contracts with private institutions were not widely employed in the five states studied (New York used a form of them to aid disadvantaged students and certain premedical students to study in independent institutions). However, this is another way to get state dollars into private institutions—and a way that seems to satisfy more public sector concerns about the accountability of tax funds going to the independent sector. Just recently Connecticut, Florida, and Tennesee have instituted programs whereby the state may contract for specific programs in the private sector.

Maryland awards private institutions matching grants for nonsectarian capital construction. These are similar to contracts in that the state's post-audit responsibilities are easily met. The requests for such state funds must go through the State Board for Higher Education for its recommendation.

The most controversial state policies are those providing direct aid to private institutions. Only a few states beyond the five in this study have such direct grants (and the independent sector in North Carolina says that its state grants are really ***student*** aid). The two most pressing aspects of this kind of program are how politically to resolve the proper amount of funds to appropriate, and how legally to achieve the accountability of independent institutions receiving such substantial state support.

The total sums appropriated to these programs are determined by the political process, and in states where these sums are considered to be fixed, the public sector can strongly resist increases at its supposed expense. Formulas used for generating the state aid in New York and Illinois would seem to depoliticize the issue, but of course the dollar amounts per student (Illinois) or per degree (New York) can be increased if there is political support for greater state direct aid. The amounts granted to state-related and state-aided institutions in Pennsylvania seem to require considerable political negotiation. In Maryland, on the other hand, the pattern of linking state aid for eligible private institutions to a fixed percentage of the General Fund appropriations for four-year public institutions appears to move the political decision to the


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amount of the public sector appropriations.

While Maryland's 16 percent linkage figure is currently in dispute, a fixed percentage linkage relationship normally seems to depoliticize the issue because it gives both sectors a common interest in higher appropriations for the public sector ("the rising tide floats all boats").

In New York, however, some public sector leaders opposed any move to a formal linkage, presumably on the grounds that a linkage would generate more state dollars for independent higher education than could be obtained through the traditional political process year by year. But those grounds might be questionable in view of CICU's very impressive record in securing extensive state support via vigorous political advocacy. In addition, it ignores the issue of "process values" raised earlier. According to that perspective, it might be worth either sector's risking a marginal loss of state funds in order to put the intersector *procedural* relations on a plane that will build and sustain general public and legislative confidence in the integrity and dignity of *both* sectors.

Next let us consider the issue of the degree of accountability the state requires of independent institutions that receive substantial direct state aid. The Maryland legislation requires private institutions to submit proposed new academic programs to the state board for its non-binding recomendations. However, over the years the independent institutions in Maryland have felt it wise to abide by negative recommendations because they want the state board to be equally zealous in protecting their existing programs when public sector institutions propose new programs.

In New York the Board of Regents, as the state coordinating board, had powers of program approval (registration or deregistration) over *both* sectors long before the Bundy direct aid began. Similarly, private sector active participation in New York State master planning is based on broad Regents' planning powers, but close state independent sector relations have probably been reinforced by programs of direct aid. In Illinois and Pennsylvania the independent sector cooperates in state planning but the state oversees less.

*Relevant Public Sector Policies*. As mentioned above, public/private concerns are a two-way street. Not only do state policies have a direct impact on independent institutions, but state policies for public institutions also affect the private sector relationships. We have already discussed the issue of state board review of academic programs in the public sector. Clearly, board sensitivity to existing programs in the private sector will have an important impact on intersector relations, as illustrated in the Maryland case study.

In particular, there are some complaints about the apparent conflict over off-campus programs. Certainly the Illinois Board of Higher Education was attempting to lessen such conflicts through its HECA-funded incentives to develop multi-institutional regional academic centers.

The issue of public sector tuition charges was raised most sharply in New York, where some independent sector leaders proposed graduated public sector charges according to ability to pay. In North Carolina the relatively low public sector charges for out-of-state students were called to attention by the private sector. In contrast, the public sector tuition fees in Pennsylvania were relatively high and the private sector pressed little for further increases.

There are also occasional disputes about the changed role and mission for a public sector institution. We cited some private sector complaints in North Carolina about a decision to change a two-year technical institute into

a comprehensive community college (which would then presumably compete more with nearby private institutions for lower division enrollments). Similarly, when the State University of New York campus at Old Westbury—originally established as an innovative, nontraditional institution—asked in the 1970s to alter its mission to a more traditional one (for example, to begin a program in business administration), nearby independent institutions objected that the proposed new role and mission would duplicate existing facilities. The State Board of Education intervened to mediate the dispute and compromise agreements were reached.

Finally, some variations on an existing public/private area of contention probably bear reporting. Just as the public sector has watched closely for some time as state support for independent higher education has increased, so the private sector has watched with concern as the public sector solicits aid from private philanthropy. Clearly the original distinction of private support for private institutions and public support for public institutions has blurred over the years. But both the *extent* and the *intensity* of public sector fund raising seem to be on the rise. State colleges and community colleges are joining the public research universities in seeking more nonpublic support as state appropriations become tighter and tighter. Furthermore, some private sector respondents complained that public institutions could use tax dollars to build fund raising staffs far larger and better paid than their independent sector counterparts. So to apprehension about competition for both students and state dollars must be added apprehension about competition for philanthropic funds as well.

### *Issues that Unite and Problems that Threaten*

Some common external concerns or common opportunities unite both sectors. For example, some Michigan respondents to the AGB questionnaire reported that both sectors had worked together both to oppose federal program cuts in higher education and state constitutional amendments to reduce taxes. In Ohio and Illinois there are also reports of cross-sector joint efforts to support state tax efforts or to oppose tax repeal. Current examples of common oportunities are found in the high technology area. As noted earlier, Pennsylvania has begun the Ben Franklin Partnerships involving new state funds available to participants from both sectors. Ohio has instituted the Thomas Alva Edison grants. New Jersey saw both sectors supporting the passage of state science and technology bonds, the funds from which would support relevant programs in both sectors.

On the negative side are two phenomena—perhaps, but not necessarily, related—that will make cross-sector cooperation more difficult. One is the rate of turnover of presidents: frequent turnover could result in new presidents less sympathetic to the cooperative environment so laboriously built up over time. The other is the plight of the more threatened institutions in each sector, which could drive them to seek survival at any cost. Sometimes a new "aggressive" president is hired to save the severely threatened institution, but the two don't always go together. (Similarly, a new "aggressive" trustee, brought on the board to solve problems, is not always compatible with the school.) As an example, one AGB respondent reported the following:

> Historically our relations have been very cooperative. During the past year one of the independent colleges has hired a new president who has gone

throughout the state and used the media to criticize the level of state support for public institutions and argued for more state aid to independent institutions through a tuition assistance grant program that the state funds for resident students attending an independent college.

Clearly, the slow creation of a climate of mutual trust and respect is easily undone. But just as Winston Churchill said he had not become prime minister to preside over the liquidation of the British Empire, so we may expect some presidents (in both sectors) to be impatient with warnings of "long-run social costs" when they desperately need "short-run fiscal aids."

Each sector then, is faced with the problem of maintaining its general strategic and tactical policies in the midst of social and financial pressure. Leaders who do see the real issue of "long run social costs" connected with intersector conflict must take firm steps to ensure that at least intersector civility is retained and at best that intersector cooperation occurs for the common good.

### *Recommendations*

1. Governing boards should pay close attention to intersector relations and seek the "high road" of cooperation wherever compatible with the institution's and the society's long-run interests.

2. Governing boards, when conducting presidential searches, should consider the potential president's attitudes about interinstitutional and intersector cooperation.

3. AGB, in cooperation with the American Council on Education, should give attention to developing or enhancing state associations of higher education that include both sectors.

In some states the private sector is so small that this recommendation is not relevant. In others it might be relevant, but the local conditions might not be ripe. However, according to reports, 10-15 states could benefit from very selective programs of aid and encouragement (including a modest national clearinghouse of information). Cross-sector forums by themselves, of course, solve nothing. But with good leadership effective programs can be undertaken—such as those cited in the Pennsylvania study—and genuine cross-sector interests can be constructed.

4. Whether or not statewide associations exist or are formed, state boards of higher education should give intersector relations careful attention in their activities. If no explicit state policies toward independent higher education have been formulated, the state board should form a task force to undertake this. The state board should include the independent sector in its advisory structures and include independent sector data in its planning studies.

Consolidated governing boards should be especially sensitive to their probable bias toward the public sector institutions they govern and should develop special channels by which independent institutions can interact.

5. State policies should include fiscal incentives for intersector cooperation comparable to the modest but effective Illinois Higher Education Cooperation Act or Pennsylvania's Ben Franklin Partnerships.

6. State policies of aid to private higher education should use indirect student aid channels where possible. These generate less intersector controversy and can be adjusted from year to year to reflect the changing federal programs in student aid.

7. State contracts also seem to be a useful technique for purchasing relevant services, with few post-audit problems of accountability.

8. State programs of direct aid should be used only when other channels prove inadequate. But it should be realized that problems of accountability and of determining the amount of the appropriations will arise.

Independent institutions receiving substantial direct state aid will probably be expected to submit proposed academic programs on-campus or off-campus for state board recommendations.

Concerning the amount of appropriations, it is probably better in the long run to agree to a linkage formula attaching state appropriations for private higher education to some percentage of public sector appropriations. But for such a linkage to achieve its intended effects in promoting both concord and joint sector support for higher appropriations, the sectors must agree to maintain the formula without change for several years.

9. State board policies toward public sector institutions should reflect sensitivity to intersector relations. Such issues as changed role and scope, new academic programs, admission standards, and tuition fees all merit careful consideration of their broader consequences.

10. Governors and legislators should be aware of the key role they play in sending out signals about which institutional tactics win the most state funds. If the word goes out that "hard ball" and "attack your opposition" generate more state funds, then both sectors will learn to play those games.

If, in contrast, the key executive and legislative leaders demonstrate that they prefer a more civil process wherein institutions from both sectors at minimum do not war on each other and at maximum work together to achieve a common agenda, the sectors will be more inclined to behave accordingly. Each institution of course wants "to win," but state officials bear a major responsibility for making the "style of winning" as important in the long run as the substance. Then enlightened self-interest could reinforce instincts for civility to produce patterns of intersector relationships appropriate to the high calling of universities and colleges.

# *Notes Toward the Future*

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It is evident from the survey results, various reports, and many educators' experiences that a series of underlying factors have helped ignite points of conflict between public and private institutions and sectors in recent years. Among others, these include:

- Intensified competition for the declining numbers of high school graduates, predicted to drop by as much as 25 percent nationally over the next 15 years, and by greater proportions in many states that have high concentrations of private institutions.
- The increasing "price gap" between public and private institutions, with tuition rates of private colleges as much as 400 percent higher than their public counterparts.
- Uncertainty and anxiety over future policies toward and levels of federal support to higher education, particularly in the form of student assistance.
- Uncertainty and anxiety about the direction of state financing policies toward both public and private institutions.

If factors such as these have strained public/private relations in many states, however, it is equally clear that there is no universal or common pattern to their impact. Berdahl points to the many dimensions that can partially explain these different state histories: the particular roles, structures, and composition of state coordinating and governing boards; the specific character of state funding policies; and the presence or absence of intersector associations or other forums for communication and policy formulation.

Taken together, Gardner's and Berdahl's insights provide a basis for considerable optimism about the future. Gardner accurately portrays the long view, the history of public/private relations in higher education, which is characterized by a strong commitment to and belief in our dual system—a commitment most still hold dear and that will inform the future powerfully, as it has the past. By portraying and analyzing the very different patterns of state experience, Berdahl suggests that to a considerable extent the future *can* be shaped and controlled, and that there are models in practice to learn from that can offer effective immediate and longer-term strategies for improved relations.

Given the underlying causes for conflict, however, the strategies for improving relations must address *both* means and ends, process and substance, structure and policy. That is, in many states the two sectors do not have a tradition of, or effective forums for, communicating and resolving policy. Developing new forums or modifying existing ones might indeed be necessary in many states as a precursor to constructive interaction.

The nature of the issues now confronting the sectors, however, does sug-

gest that improving the vehicles for communication can no longer be considered the only solution for tense relations. Precipitous enrollment declines, widening price gaps, pressures on federal and state resources, more active state review and approval functions—such issues cannot be ignored and in most states will not be resolved merely by the passage of time. Once a state has formed or reestablished effective channels for communication, it needs a level of joint engagement on issues for which in many states there is no precedent.

Yet for any of this to occur, we are again drawn back to the essential role of individuals. An individual's contribution is particularly critical in a situation in which established patterns do not suffice, and structures, policies, and procedures need to be developed. Berdahl includes for the reader's consideration a number of his own recommendations for the critical steps that might be taken by boards of trustees at institutional, system, and state coordinating levels to ease tension and further constructive dialogue between the sectors.

The Association of Governing Boards has been pleased to sponsor, with the assistance of the steering committee of association presidents, this initial inquiry. We look forward to future joint efforts seeking to strengthen the historic ties between the sectors at the national level, in the states, and in communities, particularly those efforts that capitalize on the key roles performed by trustees.

For such steps to take place, individual trustees and chief executives, encouraged by their boards, must revive the long tradition of commitment to our dual system. We conclude with the words of one trustee, commenting upon the statesmanlike role played in his state by a number of educators from both sectors:

> As in most cases when one looks at the reason why things work well, you find it is because of people, not the structure or the money that is behind the structure, but just the people that are dedicated to the cause. [The state] and higher education have been blessed because of these dedicated people.

# *Resource Guide*

The following are selected readings pertinent to intersector relations. Few of the readings directly address the subject; rather, they treat issues, trends, and public policies that have a significant bearing on those relations. In addition to general publications, the list includes articles, speeches, and informal case studies.

### *General Readings*


Berdahl, Robert O. *Statewide Coordination of Higher Education*. Washington, D.C.: American Council on Education, 1971.

Breneman, David. *The Coming Enrollment Crisis: What Every Trustee Must Know*. Washington, D.C.: Association of Governing Boards of Universities and Colleges, 1982.

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Carnegie Council on Policy Studies in Higher Education. *The States and Private Higher Education: Problems and Policies in a New Era*. San Francisco: Jossey-Bass Inc., Publishers, 1977.

Carnegie Foundation for the Advancement of Teaching. *The Control of the Campus: A Report on the Governance of Higher Education*. Washington, D.C.: Carnegie Foundation for the Advancement of Teaching, 1982.

——. *The States and Higher Education: A Proud Past and a Vital Future*. San Francisco: Jossey-Bass Inc., Publishers, 1976.

Education Commission of the States. *Final Report and Recommendations: Task Force on State Policy and Independent Higher Education*. Denver: Education Commission of the States, 1977.

Millett, John D. *Conflict in Higher Education: State Government Coordination Versus Institutional Independence*. San Francisco: Jossey-Bass Inc., Publishers, 1984.


### *Focused Readings*


Benezet, Louis T. "The Need for Active Public/Private College Associations by the States." Photocopied. Stony Brook, N.Y.: The State University of New York, 1984.

——. "The New Hampshire Council of Colleges and Universities." Photocopied. Stony Brook, N.Y.: The State University of New York, October 1984.

Education Commission of the States. *Governance in the '80s: A Report on Issues and Directions in Statewide Coordination and Governance of Postsecondary Education in the 1980s*. Denver: Education Commission of the States, 1980.

Fulmer, Kenneth A. "Effects of State Government on the Autonomy of Independent Colleges and Universities." Ph.D. dissertation, Stanford University, 1982.

Healy, Timothy S., S.J. "Human Capital: The Profitable Investment." General membership address delivered at 22nd Annual Meeting of the American Association of State Colleges and Universities, Nashville, Tenn., 1982.

Jonsen, Richard. *State Policy and Independent Higher Education*. Toledo, Ohio: University of Toledo Center for the Study of Higher Education, 1975.

Lyddy, James P. "Statewide Planning and Coordination of Postsecondary Education: Relationships to Private, Nonprofit Postsecondary Educational Institutions." Ph.D. dissertation, Catholic University of America, 1975.

"Public and Private Higher Education in Missouri: The Need for Partnership." Remarks from Missouri Higher Education Officials Conference, Columbia, Mo., Nov. 7-8, 1983. Photocopied.

Quehl, Gary H. Public and Private Higher Education: The Need for a New Partnership. Remarks at 22nd Annual Meeting of the American Association of Colleges and Universities, Nashville, Tenn., 1982.

Ream, James A. "Ben Franklin Revisited." The Pennsylvania Association of Colleges and Universities, July 1985. Photocopied.

Rhodes, Frank H. T. "Public and Private Higher Education: The Costly Conflict." *AGB Reports*, May/June 1983.

——. Plenary address at Annual Meeting of the American Council on Education, Denver, Colo., 1984.

Spencer, Samuel R., Jr. "Cooperation in a Common Cause: The Public-Private Balance." Speech to the North Carolina Association of Colleges and Universities, November 2, 1984. Photocopied.

Whelan, James J. "May Academe Prove Pogo Wrong." *Higher Education and National Affairs* July 2, 1984.